United States Court of Appeals

for the Second Circuit

APPELLANT'S APPENDIX

B

76-1283

United States Court of Appeals

FOR THE SECOND CIRCUIT

Docket No. 76-1283

UNITED STATES OF AMERICA,

Appellant,

—against—

SECURITY NATIONAL BANK,

Appellee.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

APPENDIX

Volume II—A. 735 to A. 1458

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UNITED STATES COURT OF APPEALS
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SECOND CIRCUIT

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MR. RYAN: Excuse me, could the witness be a little more precise as to when?

MR. KATZBERG: I was just about to ask that.

THE COURT: Yes.

Q How soon, after your initial conversation with Mr. Dowd, did you speak to Mr. Powell?

A I am not sure. I think it was a matter of a few weeks later, because I think in the interval the investigator came to the bank --

MR. BANNIGAN: Objection and move to strike what he thinks.

THE COURT: Yes.

Q A few weeks later?

A Yes.

Q And where did this conversation take place?

A In Mr. Powell's office.

Q What if anything did he say?

A He told me that he had seen the letter -- the anonymous letter and he thought he recognized the handwriting as being that of Harry Melsha who worked for me in the bank.

Q What did you say to that, if you recall?

A I was apprised and Iasked him whether or not we should do anything about it and he said, "No."

Q Did there come a time subsequent to this

conversation when you again spoke to Mr. Dowd on this matter?

A Yes.

Q Approximately how long after the conversation with Mr. Powell did you have the second conversation with Mr. Dowd?

A I think it was almost at the same time.

Q Where did that conversation take place?

A In Mr. Dowd's office in Huntington.

Q Can you tell us if anyone else was present?

A I don't recall.

Q Tell us what was said, please.

A I wondered what had taken place at the meeting with the investigator --

MR. BANNIGAN: Objection, your Honor.

THE COURT: You cannot tell us that.

THE WITNESS: I asked him what had taken place at the meeting with the investigator and he told me that he had discussed the political contributions and that everything was all right.

Q Now, I want to direct your attention to the summer of 1972. Did there come a time that the roles you played with relation to the contributions, ceased?

A Yes.

Q You told us earlier your political contributions

ended in 1971 approximately?

A Yes.

Q How did it come about that you no longer played any of the functions that you described to us by December of 1972? How did that take place?

A Are you referring also to the individual contributions that I made?

Q No, sir. I am referring to the other roles that you played. How did it come about that those roles ended?

A Well, in 1972 -- in April of 1972 the bank had a new President, Rex Johnson replaced Martin Travers; and after he was President for a relatively short period, I was told that I was -- that I could no longer play the role of being involved in the political contribution system to the extent of being a conduit for requests and approvals, and that was not to be my place any more.

MR. BANNIGAN: I would like to know who said that to him. That was not developed.

THE COURT: Do you recall who said that to you?

THE WITNESS: Yes, Mr. Dowd.

MR. BANNIGAN: Thank you.

Q Mr. Casey, I want to direct your attention to October of 1972. This is the time after you told us that you

stopped playing these roles with respect to the club.

Did there come a time in October of 1972 when you had a conversation with Mr. Clifford about some specific contributions?

A Yes.

Q And where did this conversation with Mr. Clifford take place?

A I believe it took place in the Rainbow Room of the RCA Building. It was a dinner in New York -- a political dinner, as I recall.

Q Was anybody else involved in the conversation other than yourself and Mr. Clifford?

A Again, I think I was seated next to him and it was just a dialogue between us. There were others at the table who were engaged in their own conversations.

Q Would you tell us what was said at this time?

A He told me that day he received a phone call from, I recall Mr. Gerber, of the Nassau County Republican Committee, who asked him where a contribution was that had been promised to the Committee, and Mr. Clifford was upset by this because he did not like to receive this type of --

MR. NAFTALIS: Objection as to what Mr. Clifford thought or didn't think and move to strike it out.

THE COURT: Is that what he said to you?

THE WITNESS: Mr. Clifford said he was annoyed.

THE COURT: All right.

A (Continuing) -- about receiving this phone call because it was in the nature of a dunning phone call and he asked me to check where the contribution was and I responded by telling him -- I reminded him that I was no longer playing this role in the contribution system and he said, "What's the difference? I am asking you to check on it."

So, I said I would.

Q The contribution had been promised some time ago; is that correct?

A That is the impression that he was under and conveyed to me.

Q As a result of this conversation with Mr. Clifford, what if anything did you do?

A I believe it was the next day I called Mr. Chadwick, who had the responsibility for keeping the records, and I told him that Mr. Clifford had asked me to check into it, that Mr. Clifford had received a phone call, and asked him about the contribution, and he told me that the contribution had been made and he gave me the information on the amounts and told me much to my surprise that the contribution had been made by --

MR. NAFTALIS: Objection.

THE COURT: Strike out "much surprised."

A (Continuing) -- told me that the contribution had been made by an official bank check.

Q One check or more than one check?

A As I recall, more than one. I asked him who authorized that. He told me who had signed the check requisition and who had authorized the issuance of the check.

Q Who was that?

A The check requisition, as I recall, was signed by Mr. Chadwick and Mr. Robert Dowd and had been approved by Mr. Joseph Stefan, who was the Executive Vice President and Chief Operating Officer of the bank.

MR. COHN: Can I just rise for a minute? May we have it made clear that David Dowd is not the Robert Dowd on trial?

THE WITNESS: At this point, David Dowd had left the bank.

THE COURT: All right.

THE WITNESS: He gave me the details which I marked on a note that I had at the time, so that I'd be able to report back to Mr. Clifford.

Q This was a telephone conversation you say?

A Yes.

Q And you just said that you took some notes?

A I marked it on a little sheet of paper.

Q I want to show you Exhibit 83 for Identification and I ask you to look at that, sir, and tell us whether or not you recognize it.

A Yes.

Q What is that?

A This is the note that I made at the time.

Q Of your conversation with Mr. Chadwick?

A Yes.

Q Does that note accurately reflect that conversation, to the best of your recollection?

A To the best of my recollection, yes.

MR. KATZBERG: Before offering it into evidence, I ask that counsel look at it.

(Shown to counsel.)

MR. COHN: May I have a voir dire on this, please.

VOIR DIRE EXAMINATION

BY MR. COHN:

Q Does the name David Dowd appear anywhere on the face of this exhibit?

A No.

Q Does the name David Dowd appear on the back of

the exhibit?

A Yes.

Q Does the notation "David Dowd" on the back of the exhibit have anything at all to do with this transaction or does it relate to a completely different and unrelated transaction?

A Unrelated.

MR. COHN: If this is going to go into evidence, I ask that the back be redacted.

MR. KATZBERG: I have no objection.

MR. BANNIGAN: May we approach the bench?

THE COURT: Yes.

(The following transpired at the side bar:)

MR. BANNIGAN: We object to the admission of this document on the grounds it is nothing more than a prior consistent record. It is not a report kept in the regular course of business of the bank.

THE COURT: It is not admissible.

MR. KATZBERG: May we just take this opportunity:

I want to bring something to the Court's attention, because I want to make sure nothing unduly prejudicial takes place. I make the following offer of proof.

This witness will now testify that he reported

back to Mr. Clifford. When he told Clifford that bank checks were used for those contributions, Mr. Clifford was very angry and said, "I'm not going to go to jail for anyone."

MR. BANNIGAN: I would object.

MR. KATZBERG: And ordered that the thing be undone.

If counsel has an objection, I want to give them an opportunity, rather than try to unring the bell after it has been rung. I want to make that offer and just want --

MR. NAFTALIS: Why can't he just ask -- I do not mind Mr. Katzberg instructing him and have him testify that when he spoke to Mr. Clifford, Mr. Clifford was angry.

MR. PATTISON: That is not the same proof. It is perfectly relevant proof of knowledge that this scheme was wrong, that it was criminal.

MR. BANNIGAN: On the contrary, it proves the opposite.

THE COURT: I do not agree with you.

MR. NAFTALIS: He was opposed to giving out bank checks.

MR. PATTISON: He was opposed to giving out

bank checks because they were clearly wrong on their face.

THE COURT: I think the fair way to do it is to have him say he was angry.

MR. NAFTALIS: I have no objection to your talking to him.

THE COURT: We will recess in a few minutes.

MR. KATZBERG: It is coming up right now.

MR. PATTISON: May we can break now for lunch?

THE COURT: Yes, we will recess now.

(The following transpired in open court:)

THE COURT: We are going to give you an early recess for lunch today. We hope to start around 2 o'clock. Do not discuss the case. Keep an open mind.

(Jury leaves courtroom.)

THE COURT: Any motions?

MR. RYAN: Judge, my brother counsel and I want to say that we know you did not intend to do it, but there were occasions this morning when you admonished counsel --

THE COURT: I did not admonish anyone in particular.

MR. RYAN: We felt in the eyes of the jury,

the remarks would clearly be construed as derogatory to defense counsel. There was some comment:

"It demeans the person who makes the expression."

THE COURT: I said, "It demeans the dignity of the person who did it," and it has been going on for two weeks. I have purposely refrained and restrained myself from making any comment, but when it became absolutely obvious, particularly the shaking of heads, the nodding of heads in disagreement with the Court's rulings, the grimacing with the Court's rulings, it became absolutely improper, and it is absolutely improper for any lawyer and not only the lawyers here, but any lawyer, and I will not permit it in my courtroom.

If you do not want to play the game the way I say it should be played and follow the rules, you can place anything on the record, but you will not do that in my courtroom.

MR. RYAN: If you have that complaint about one of the attorneys --

THE COURT: I am not singling out anyone.

MR.RYAN: The problem is that it hurts someone that does not participate.

THE COURT: It was not intended towards you and

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I will make it clear in my charge.

MR. RYAN: It is the people in the jury box.

THE COURT: It will be made clear to the jury in my charge.

In any event, it must stop -- the laughing at counsel table must stop. There is nothing humorous about this case. It is a serious matter and if you do not like a question the Government asks, there need not be any grimacing or laughing. I have recognized that. I do not want you to think that I have sat here all this time not noticing any of these things that I am now complaining about.

MR. RYAN: I understand.

(Luncheon recess taken.)

AFTERNOON SESSION

THE CLERK: Gentlemen, the Judge has been delayed. He has other business he has to attend to and will resume at 3:00 o'clock.

(Recess taken.)

MR. KATZBERG: Ready to proceed, your Honor?

THE COURT: Yes. Bring in the jury.

MR. RYAN: I think the record should reflect I have requested of the prosecutor any report of any investigation that may be currently conducted into the activities of Mr. Casey, the witness. I understand they are unaware of any.

THE COURT: Currently being conducted?

MR. KATZBERG: I am totally unaware of any investigation of any kind.

MR. RYAN: No check has been made to ascertain whether there was any?

MR. KATZBERG: I have made no check.

THE COURT: All right, bring them in.

THOMAS J. CASEY, recalled as a witness, having been previously duly sworn, was examined and further testified as follows:

(The jury is in the jury box.)

THE COURT: Ready to start.

DIRECT EXAMINATION

BY MR. KATZBERG: (Continuing.)

Q Mr. Casey, prior to the luncheon recess, you recall we were discussing the conversation with Mr. Chadwick concerning those bank checks that were issued in October of 1972; is that correct?

A Yes.

Q Now, you told us that you reported the conversation with Mr. Chadwick to Mr. Clifford, is that correct?

A Yes.

Q Would you tell the ladies and gentlemen of the jury what you told Mr. Clifford?

A It was a few days later in Mr. Clifford's office in Melville I went to see him and told him I had investigated the matter of the payment to the Nassau Republican Committee as he asked and that I had found the payment was made and it was made by official checks.

And Mr. Clifford became angry and asked me who had approved it. I told him Mr. Chadwick told me Mr. Stefan had.

Q What if anything did he say to that, sir?

A "You go tell Mr. Stefan to reverse it," that is to reverse the payment of the official check.

I told him that it was too late for that, the checks had cleared and he said "Well, I'm going to see that the bank is repaid."

"How are you going to do that?" I said, and he said "I am going to have the fund pay back the money to the bank."

"What is the good of that," I said, "when the bank has made it available to the participant now we are going to go full circle and have it back to the bank;" and he said he didn't care.

Q Now, how many -- withdrawn.

Could you specify the payee of those bank checks and the amounts issued in October 1972?

A According to the note I made at the time --

MR. BANNIGAN: I object. The witness is reading from a note not in evidence, your Honor.

THE COURT: Do not read from the note that is not in evidence.

Q First see if you can recollect without looking at it. Do you know the amount of the check and --

A As I recall, they were all payable to the Nassau Republican Committee. Perhaps with the exception of one which was payable to the Nixon for President rally.

Q How much was the Nixon contribution?

A I believe it was $1,000.

Q How many other official checks do you recall?

A I believe there were two or three others, three others I think.

Q What were the amounts and who were the payees, if you recall?

A One was a thousand dollars to the Judge Wachtler campaign fund.

Q Go ahead?

A I think there were two others in the amount of $2,500 each to the Nassau Republican Committee.

Q Is it your recollection that the Wachtler check was $1,000?

A I am not sure, a thousand or fifteen hundred.

Q Why don't you take a look at Exhibit 83 for identification and see if that refreshes your recollection as to the amount of the official check to Wachtler?

A Twenty-five hundred. Excuse me.

(Pause.)

A $2,500.

Q Now, do you know the name of the payee on the Nixon check? Do you have any specific recollection to that?

A No.

Q It was a thousand dollars, no question about

that?

A Yes. I think that may have been -- there were ten individual checks involved in this as well for $100 each.

Q Are you sure of that?

A No, I am pretty sure of that. The note I have here: ten $100 refreshes my recollection that there were ten individual checks.

Q Now, do you have any knowledge on your own part what if anything was done with reference to repaying the bank for those bank checks?

A Not on my own knowledge.

Q So the record is clear, talking about official checks, would you tell us what those are?

A The normal check as the average lay person thinks of, that is a check drawn on a person's account which is a bill of exchange and not a liability of the bank. An official check is a liability of the bank. An official check drawn on the bank funds.

Q Did you ever actually see those checks, sir?

A No.

Q You never actually saw the bank checks themselves?

A No.

Q Now, Mr. Casey, I want to direct your attention

to the year 1970 -- back up in time a little bit.

Did there come a time when you learned of the availability of certain postage stamps?

A Yes.

Q From whom did you learn?

MR. NAFTALIS: May we approach the bench for a minute?

(The following took place at side bar.)

MR. NAFTALIS: May we have an offer of proof on this?

MR. KATZBERG: Certainly. The witness will testify,I will ask him how much money in postage stamps were involved, where he got them, and what if anything he did with them.

MR. NAFTALIS: Where do you say he --

MR. KATZBERG: From Mr. Barrie.

MR. NAFTALIS: That's who he had the conversation with?

MR. KATZBERG: Yes.

MR. NAFTALIS: Your Honor, that would not be admissible.

MR. KATZBERG: Barrie will be a witness.

MR. NAFTALIS: He's not a conspirator. There is one count in the indictment which relates to

Mr. Clifford's knowledge of whether or not postage stamps were used. Whether or not this man or Mr. Barrie were involved in postage stamps, unless this man says he spoke to Mr. Clifford and here is the grand jury testimony (indicating): "Did you ever talk to Mr. Clifford about this maneuver with the stamps?"

"Answer: Not to my recollection."

MR. KATZBERG: I don't understand the objection.

MR. NAFTALIS: It's irrelevant.

MR. KATZBERG: Mr. Barrie will testify he had a conversation with Mr. Clifford.

MR. NAFTALIS: That is fine, wait --

THE COURT: You're not asking him what he did?

MR. KATZBERG: No.

THE COURT: I'll take it subject to connection. If it's not connected, I will strike it.

MR. NAFTALIS: I have no objection to having Mr. Barrie testify to any conversation he had with Mr. Clifford, but this maneuver with stamps with Mr. Barrie has nothing to do with it.

THE COURT: I'll take it subject to connection.

MR. PATTISON: These are the same events of which Mr. Clifford --

THE COURT: I will allow it subject to connection.

(The following took place in open Court.)

BY MR. KATZBERG:

Q Now, how much money in postage stamps was available?

A I would say approximately $2,000.

Q Did there come a time when you were actually in possession of these stamps?

A Yes.

Q From whom did you get them?

A George Barrie.

Q What was his title?

A Administrative vice president.in the operations department.

Q Now, once you had those stamps, once you received them from Mr. Barrie, what if anything was done with those stamps?

A (No response.)

Q Just tell us once you had the stamps, what if anything was done with them?

A The stamps were given to the Suffolk County Republican Committee.

Q Thank you.

Now, you testified, did you not, there came a time when you began to work for the Nassau Trust Company, is

that correct?

A Yes.

Q Who was the president of the Nassau Trust when you started working there?

A David Dowd.

Q When did you begin to work with Nassau?

A March 1973.

Q Now, did there come a time when you had a conversation with Mr. Dowd at the Nassau Trust Company about a conversation he had had with Mr. Clifford?

A Yes.

Q Approximately, to the best of your recollection, when did you have this conversation with Mr. Dowd?

A I know it was some months before I left the bank.

Q When was that?

A In July.

Q What was your last date at the bank?

A July, 1974. So, it was either in late '73 or early '74.

Q Where did this conversation take place?

A In Mr. Dowd's office.

Q Was anybody else present to your recollection during the course of the conversation?

A I don't remember whether his secretary Mrs. Scribner was present, she did have a desk in his office and normally was there.

Frankly, I don't remember if she was present or not.

Q Was anybody else present?

A No.

Q Now, would you describe to the ladies and gentlemen of the jury what took place?

MR. RYAN: Excuse me, your Honor. Mr. Powell was not present. Mr. Powell was not present --

THE COURT: Not at that conversation and it is not binding on him.

MR. COHN: Can we have a side bar, please?

THE COURT: Yes.

(The following took place at side bar.)

MR. COHN: Mrs. Dowd's wife was Mrs. Scribner, I was never aware she would be involved in the case and maybe she will be a witness and she has been sitting in the trial.

MR. KATZBERG: I ask she leave.

MR. COHN: Can I do it as gracefully as possible?

THE COURT: As surreptitiously as possible?

MR. RYAN: This conversation is not to be admitted against Mr. Powell.

THE COURT: I told them.

MR. RYAN: You haven't said that.

THE COURT: Yes. You don't listen.

MR. KATZBERG: Unless and until he is found to be a member of the conspiracy.

THE COURT: Always.

(The following took place in open Court.)

MR. KATZBERG: May I have the last question read back?

(Whereupon, the last question was read by the Reporter.)

THE COURT: Before you answer that, you understand this conversation is not binding at this time on Mr. Powell since he was not there.

Q Go ahead?

A I walked in his office on other bank business and he was on the telephone.

Q Excuse me, when you say he --

A Mr. David Dowd.

Q Go ahead?

A And finishing up a conversation when he told me he had just been talking to P.J., who I understood to be

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Mr. Clifford. And he told me that Mr. Clifford was concerned about the investigation of Security National's political contributions.

And Mr. Dowd said "I hope those old records have been disposed of."

And Mr. Clifford said: Don't worry, that has been taken care of.

MR. NAFTALIS: When you say Mr. Clifford, I object. He said that is what Mr. Dowd said Mr. Clifford said. He didn't hear Mr. Clifford say anything.

Q This is what Mr. Dowd told you the conversation was, is that correct?

A Yes.

Q To your knowledge, was Mr. Clifford aware that Mr. Chadwick kept the records of these contributions?

A Yes, because at one point --

MR. NAFTALIS: Your Honor, the question calls for a yes or no.

THE COURT: Yes.

A Yes.

(Continued next page.)

Q What is that knowledge based on?

A (No response.)

Q How do you know that?

A Based on Mr. Clifford questioning where the contributions were going. And I told him that Mr. Chadwick was keeping careful track of that.

Q Mr. Casey, prior to your testimony here, your testimony today, and subsequent to your testimony in the grand jury, have there been any promises made to you by the United States Government with respect to your testimony?

A No.

Q Can you tell us what if anything you were told with respect to your legal situation involved in this matter?

MR. NAFTALIS: He said no promises were made.

MR. BANNIGAN: I object to any further inquiry. He is bound by the answer.

THE COURT: He is not asking about promises.

MR. PATTISON: What if anything was said to him, that is what is being asked.

MR. NAFTALIS: He is denying he was promised -

THE COURT: No.

THE WITNESS: Would you repeat the question?

MR. KATZBERG: Yes.

Q What if anything were you told with respect to

your legal situation in this matter?

THE COURT: You are talking about as far as --

MR. KATZBERG: Legal culpability and the Government's intention in that regard.

THE COURT: All right, you may tell us.

A Well, if I understand the question, I was not given any immunity, I never sought any immunity, never granted any immunity --

MR. COHN: I don't want a speech. Let him tell what Mr. Katzberg said to him.

A My only obligation was to tell the truth.

Q What about any --

MR. BANNIGAN: Objection. Stop. He can't keep on leading him.

MR. NAFTALIS: The man denies it.

THE COURT: No, he doesn't.

MR. NAFTALIS: He --

THE COURT: You are not allowed to do this. Take exceptions to my rulings. That's all you can do.

MR. NAFTALIS: I apologize for arguing with the Court.

Q Were you indicted in this matter?

A No.

Q What if anything were you told about the

Government's intention to indict you or otherwise?

A I was told that as a result of my appearance before the grand jury, they did not indict me, and that it was possible I could be indicted but I have not been indicted.

MR. KATZBERG: I have nothing further, your Honor.

Do you have Exhibit 83?

THE COURT: You mean for identification?

MR. KATZBERG: I have it.

(Pause.)

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Mr. Casey, I am Gary Naftalis, Mr. Clifford's lawyer.

You were asked questions by Mr. Katzberg relating to promises made to you in connection with your testimony, is that correct?

Yes.

Q If you can answer my questions yes or no, please do. If you can't answer them yes or no, tell me and I will try to rephrase them. Or if you don't understand me, please tell me to rephrase them.

THE COURT: He is not limited to answer your questions yes or no. If you ask a question that

requires a statement, you cannot ask for a yes or no answer to that. You can't limit a witness unless your questions call for a yes or no answer.

MR. NAFTALIS: My questions will call for a yes or no answer.

THE COURT: Well I don't know. I haven't heard them yet. I must hear the questions first. You cannot make the ruling, I will make the rulings.

Q Is it not a fact, sir, that you were told by Mr. Katzberg that you could be charged with a crime but that the Government, that is Mr. Katzberg's office, had no intention of prosecuting you, yes or no, were you told that?

A Yes.

Q And, sir, you have not been prosecuted for any crime, is that not a fact?

A That is true.

Q You are a public official, is that correct?

A Yes.

Q You were elected to office?

A Yes.

Q You held office for a number of years, is that correct?

A Yes.

Q. That is in democratic politics?

A Yes.

Q You are also an attorney, are you not?

A Yes.

Q You have your own law firm?

A Yes.

Q What is the name of that law firm?

A Casey, Milgram, and Willan.

Q You are the Casey, I take it, in that law firm?

A Yes.

Q How long ago were you admitted to the bar?

A In 1959.

Q You have been a member of the Bar of the State of New York for 17 years, more or less?

A Yes.

Q When you were admitted to the Bar of the State of New York, Mr. Casey, you took an oath, did you not?

A Yes.

Q Part of that oath was that you, Mr. Casey, would uphold the law of the United States, is that correct?

A Yes.

Q And the laws of the State of New York, is that correct?

A Yes.

Q This morning you testified under questioning

from Mr. Katzberg that you broke the law, did you not?

A Yes.

Q You violated your oath as an attorney, is that correct?

A Yes.

Q You haven't been prosecuted for the crime you committed, is that correct?

A That is correct.

Q By the way, you testified this morning that you knew it was illegal to handle these contributions in the manner they were handled, is that correct?

A Yes.

Q Is it not a fact, sir, when you went before the federal grand jury in this case you took an oath to tell the truth, that you testified you thought it was legal?

A That I thought it was legal? I have no recollection of that. Will you show me the --

MR. KATZBERG: Page, please?

MR. NAFTALIS: I will get it.

Q Do you recall making this statement to the grand jury, Page 52: "I was under the impression at that time when they were made by the individual that they were not in violation of the law."

Do you recall making that statement?

A Yes. May I explain that, your Honor?

THE COURT: No, not at this time.

Q Excuse me for a second.

(Pause.)

Q By the way, Mr. Casey, you've run for election, have you not?

A Yes.

Q You ran for election in 1971?

A Yes.

Q When you ran for election in 1971, you were working at the Security National Bank?

A Yes.

Q Did you ever, during the course of your election campaign, disclose to the voters that you had committed a crime?

A No.

Q You concealed it from them?

A The question didn't arise.

Q You portrayed yourself as a man of integrity and honesty to the voters?

A Yes.-

Q That was a lie because you had committed a crime, isn't that a fact, sir?

MR. KATZBERG: I object to the characterization.

THE COURT: The characterization is bad.

Q You never disclosed your crime to the voters, is that correct?

A That's right.

Q You said to the voters you are a man of honesty and integrity, did you not?

MR. KATZBERG: Objection.

A I don't remember using those terms.

Q In 1975, sir, you ran for election again?

A Yes.

Q I take it when you ran for election again in 1975, you never disclosed to the voters that you ha committed a crime, is that correct?

A I didn't have to, the newspapers had.

Q The newspapers had disclosed that you were a criminal?

A The --

MR. KATZBERG: Objection.

THE COURT: Sustained.

Q The newspapers disclosed you had committed a crime, is that your testimony?

A No, the newspapers had disclosed the system of Security National's political contributions of which I was a part. The voters were aware of that when they re-elected me.

Q Is it not a fact, sir, that in connection with that campaign that you informed the newspapers that what you had done was perfectly legal and you, Tom Casey, personally had spoken and been informed by the bank's legal counsel that the contributions were permissible?

A That is not true.

Q You deny that?

A Yes, I deny having informed the newspapers of that.

Q Do you deny saying that to the newspaper during the course of any interview?

A Yes.

Q Do you deny that you told the reporter from Newsday on September 5, 1975, that you, Thomas Casey, were informed by the bank legal counsel that such contributions were permissible?

A I deny having said that. What I said was --

Q No. My question is --

THE COURT: Wait.

MR. KATZBERG: He can continue his answer.

MR. NAFTALIS: The question was: Do you deny that you made that statement. That calls for a yes or no answer. They may explain with their witness on redirect.

THE COURT: All right.

MR. PATTISON: May we have this marked, please?

MR. NAFTALIS: I will be delighted to have it marked. Mark this.

THE CLERK: One-page document marked for identification as Defendant's Exhibit X.

(So marked for identification.)

MR. NAFTALIS: Thank you.

Q Did you tell the reporter from the Newsday during your interview that you had done nothing wrong?

A (No response.)

Q Yes or no? Did you tell them that?

A I don't recall saying that.

Q If you had that wouldn't have been the truth, is that correct?

A That is right.

MR. KATZBERG: Objection, that is speculation.

THE COURT: He answered.

Q Did you tell the reporter from Newsday that the fact that you weren't indicted in the matter should indicate to the public that you had done nothing wrong and you weren't under any cloud? Did you tell them that also?

A Yes, I believe I said that.

Q That wasn't true, is that correct, because you

had done something wrong?

A That had reference to the specific thing he was referring to.

Q The people from Newsday printed your denials in the newspaper which was shortly before the primary election, a week or so later, a few days later, in which you were being challenged in the democratic primary for your seat as City Councilman, is that not a fact?

A Wrong, it's Town Council.

Q I'm sorry. Substituting the word town for city, is your answer to my question yes?

A Yes.

Q After you gave that information to Newsday, the primary election was held and you were again nominated?

A Yes.

Q Subsequent to that you never disclosed to the voters of Huntington anything about any criminal activity that you had been involved in, is that not a fact?

A That is not true. At any time the issue was raised in the campaign I responded to it and discussed what had taken place.

(Continued next page.)

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2pm

Q Did you ever tell anybody in the campaign or otherwise that you, Thomas Casey, had committed a crime, yes or no?

A No one asked me if I committed a crime.

Q Did you ever send out a newsletter or make a speech or do anything like that to your constituents to reveal the fact that you had committed a crime?

A No.

Q Now, I think we have brought out that you are an attorney, is that correct?

A Yes.

Q Have you ever told the bar association of this state or your county or your town about the crime that you have admitted committing?

A No.

Q You know, do you not, that the commission of a crime can endanger your law license if convicted; is that correct?

A Yes.

Q And to your knowledge nobody from Mr. Katzberg's office has brought to the attention of the bar association the fact that you have admittedly committed a crime?

MR. KATZBERG: If he knows.

Q To your knowledge?

A To my knowledge, no.

Q As a matter of fact, had that matter been brought by the Government to the attention of the bar association, you would have heard about it; is that correct?

A I would assume so.

Q And you do not expect Mr. Katzberg or anyone from the United STates ATtorney's Office to go to the bar association and disclose the fact that you have committed a crime, do you?

A Do you want me to speculate on that?

Q What is your expectation, do you expect that they would do it?

A I would hope not.

Q And they haven't done it to date.

Now, Mr. Casey, in 1973 or so, I am also bad on dates, Governor Carey became elected as the Governor of the State, did he not?

A No, 1974.

Q I am sorry, I told you I am not good on dates.

In November of 1974, that is when the election was?

A Yes.

Q And then Congressman Carey was elected

Governor.

After he became Governor in November of the State of New YOrk, did you not attempt to get Governor Carey to appoint you, Thomas Casey, as superintendent of banking for the State of New York?

MR. KATZBERG: Objection.

MR. PATTISON: I object.

THE COURT: What is this all about, why smile about it? There is nothing to smile about. I will not permit it in my courtroom and don't you do it again.

MR. NAFTALIS: I'm sorry.

THE COURT: You ask the gentleman on the witness stand and he will answer it.

Q Did you apply to Governor Carey and ask him to appoint you, Thomas Casey, as superintendent of banking for the State of New York?

A I never personally asked the Governor to appoint me. I was encouraged by others to have my name considered for that post.

Q And you had your name put up for that post; is that correct?

A I don't know what considerations were given. I was never appointed.

Q I take it it is fair and honest to say, Mr. Casey, that in the course of having your name considered for the superintendent of banking for the State of New York, you never disclosed to Governor Carey or anybody else on his staff that you, Thomas Casey, committed a Federal crime in connection with your activities as a banker?

A I never disclosed the activities that might lead to that deduction.

Q I take it to your knowledge no one from the Government here disclosed that to anyone on Governor Carey's staff?

A To my knowledge it was never discussed.

Q Prior to testifying here today -- Mr. Casey, prior to your testifying here today you had a number of conversations, had you not, with representatives of the United States Government?

A Yes.

Q You were interviewed by the Federal Bureau of Investigation?

A Yes.

Q Special Agents Quinn and Egan?

A I believe those were the names.

Q And you were interviewed by Mr. Katzberg on a number of occasions?

A Yes.

Q And to the best of your recollction, on how many occasions have you spoken to Mr. Katzberg?

A Approximately five or six.

Q And you recall the first time when that was?

A The first time was -- to put it in chronological order, I was interviewed by the FBI while at the Nassau Trust at the Melville office. That would have been prior to '74 and my first interview with Mr. Katzberg and Mr. Puccio took place several months later. That would be approximately in the summer of 1974.

Q ON how many occasions were you interviewed by Mr. Katzberg or Mr. Puccio or anyone else from the United States ATtorney's Office prior to the time you went to the grand jury?

A I think twice.

Q And how long were those sessions?

A To the best of my recollection a couple of hours.

Q Each?

A Yes.

Q And since the time you testified in the grand jury here, on how many occasions have you spoken with Mr. Katzberg about the testimony you were to give here or

the facts in the case, prior to your taking the witness stand today?

A I think three.

Q Do you recall when they were?

A Well, I received a witness fee payment which indicated that I had been interviewed by Mr. Katzberg, I think, once in January and twice in February.

Q So that is three occasions.

How long were each of those sessions?

A Again a few hours.

Q A few hours each?

A Yes.

Q Now we are in March.

In addition to those sessions of a few hours each in February, and the two sessions of a couple of hours each before you went into the grand jury, on how many occasions did you discuss the facts of your testimony with Mr. Katzberg in this month, March?

A None except this morning prior to appearing in court.

Q So you discussed the testimony with him this morning also?

A Yes.

Q How long was that session?

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A Very brief, perhaps less than an hour -- about that.

Q And you indicated that during those sessions with Mr. Katzberg, at least on one occasion a Mr Puccio was present?

A Yes, I believe that was at the first session.

Q Was Mr. Pattison present at any of those interrogations?

A Well, I did not consider them interrogations.

Q Let us call them "sessions -- informal sessions"?

A Mr. Pattison was present very briefly at one or two of them.

Q Was Mr. Korman present at any of those sessions?

A Yes.

Q Was anybody else from Mr. Katzberg's staff present at any of those sessions?

A Not to my recollection.

Q Now, during the course of those sessions with Mr. Katzberg, did he take any notes of what you were telling him?

A No, not that I saw.

Q Did you take any notes?

A No.

Q Did you make any notes after you went home at night?

A No.

Q Now sir, I think you have indicated that you had six sessions with the Government, three of which were a few hours duration, two of which were two hours in duration, and one was something less than an hour; is that correct?

A (Nods head.)

Q Is it not a fact, sir, that you had refused to discuss the facts of this case with any of the lawyers who represent any of the men on trial in this case; is that correct?

A That's correct.

Q And you were requested, were you not --

THE COURT: One-page document marked for identification as Defendant's Exhibit Y.

Q (Continuing) --and you were asked, were you not, by each of the lawyers if you would please discuss the facts of the case with them; is that not correct?

A No, I do not think that is correct. I have not spoken to Mr. Chadwick's lawyer.

Q Mr. Chadwick is not involved in this case.

He is just a witness.

I am talking about the people involved in this case, which is Mr. Powell, Mr. Dowd, Mr. Clifford and the bank.

A I do not think the bank's attorney spoke to me.

Q Is it not a fact that you refused to discuss this case with anyone representing Mr. Clifford, Mr. Powell or Mr. Dowd, and indeed you were sent a letter asking you to please voluntarily discuss the matter and to which you never responded; is that correct?

(Shown document.)

A I did discuss with you on the telephone, I believe, or one of your associates, the fact that Mr. Clifford had called me and I had returned his call and he had asked me to discuss the matter with you and then he started to get into the substance --

MR. NAFTALIS: I ask that the answer be stricken as unresponsive.

MR. PATTISON: I think --

MR. NAFTALIS: Please, the question is: "Did you receive a letter and did you not respond to that letter?"

That was the question. Ask the reporter to

read it back.

MR. PATTISON: We'd like it read.

(Question read.)

THE COURT: He may answer it any way he ~~feels~~ fit.

THE WITNESS: I recall that I spoke with you on the telephone after Mr. Clifford called me and I returned his call. He asked me to talk with you and I said I would consider that and he started to get into the substance of what my testimony was and I said, "I'll discuss it with your attorney," and then I later spoke with you and declined to talk further.

Q So the short answer is that you refused --

THE COURT: That is not the short answer. You cannot paraphrase his answer.

MR. NAFTALIS: May we approach the bench?

THE COURT: No, I will not approach the bench. As for the witness' answer, it is for the jury to determine. It is not a short answer, it is his answer and they will weigh that answer.

Ask your next question.

MR. NAFTALIS: Am I permitted to ask another question?

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THE COURT: Yes, nobody is stopping you.

You cannot paraphrase the answer of a witness. Do not make those eyes --

MR. NAFTALIS: I'm sorry.

THE COURT: You have a terrible habit and I think this trial will take it out of you.

MR. NAFTALIS: I apologize.

THE COURT: You had better apologize. This conduct is contumacious.

MR. NAFTALIS: Your Honor, may we approach the bench?

THE COURT: The jury may step out.

(Jury leaves courtroom.)

MR. KATZBERG: Mr. Casey, would you go to the witness room, please?

(Witness leaves courtroom.)

MR. NAFTALIS: If your Honor pleases, I think the record should reflect --

THE COURT: You had better let the record reflect accurately what you did -- accurately and don't you dare change it one bit.

MR. NAFTALIS: I think the record should reflect very accurately in this case that during the course of this cross-examination of the witness you

cut off the cross-examination on behalf of counsel, you made remarks, you raised your voice and in front of the jury, whether someone deserves it or doesn't deserve it, I think it is absolutely unfair to say to a lawyer who is conducting a defense --

THE COURT: Your conduct is contumacious, Mr. Naftalis.

MR. NAFTALIS: May I please finish?

THE COURT: I want to say on the record that your conduct is contumacious --

MR. NAFTALIS: My comments are joined in by all defense counsel.

THE COURT: I lose respect for them if they did -- I would lose respect for them.

MR. NAFTALIS: I think the record should reflect that you are raising your voice now, as you did against me in front of the jury.

I respectfully say that your remarks are uncalled for and result in denying the defendants on trial here a fair trial. We have been trying to do our best in this case and I think -- and I think anybody in this courtroom --

THE COURT: Who joins in the actions of Mr. Naftalis and the methods he has used sitting at

counsel table, laughing, snickering, laughing when he is questioning a witness? That is not the conduct of an attorneyin a courtroom under any circumstance.

MR. BANNIGAN: Whether I join in it or not -- whether I join in it or not, I move for a severance. Whether justified or unjustified, it has severely prejudiced my client, the bank, in this case.

THE COURT: Your client is not involved.

MR. BANNIGAN: Is not involved in this case?

THE COURT: Not with what we are talking about here.

MR. BANNIGAN: The overflowing effect prejudices me and my client.

MR. RYAN: On behalf of my client, Frank Powell, I move for a severance in that I cannot obtain a fair trial under this atmosphere.

THE COURT: Created by one of your colleagues.

MR. RYAN: I have no control over that and I am against it too and I want the record to reflect that my client is being prejudiced by it. The antagonism that is being created is only prejudicing my man. I move for a severance very vigorously.

THE COURT: Mr. Cohen?

MR. COHEN: I would have to join in Mr. Ryan's

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application in behalf of my client.

THE COURT: For a severance?

MR. COHEN: Yes.

THE COURT: I deny all the motions.

MR. NAFTALIS: May I be heard?

THE COURT: I will have a written statement when I appear back in the courtroom.

MR. NAFTALIS: Your Honor --

THE COURT: We are now in recess.

(Recess taken.)

(continued next page)

MR. NAFTALIS: I will have them marked.

THE COURT: Yes.

THOMAS CASEY, resumed the stand and further testified as follows:

THE COURT: Good morning, Mr. Casey.

THE WITNESS: Good morning, your Honor.

THE COURT: Bring in the jury.

(Jury is in the jury box.)

THE COURT: All right, we are ready to start the case again. The cross-examination will continue by Mr. Naftalis.

Before we start it, I wish to advise the jury that you are here to listen to the facts in this case and you are also here to take the law as the Court gives it to you and apply it to the facts.

Sometimes in the heat of an adversary proceeding certain things may happen that would cause you to think, well, what is all this going on? Well, I tell you now, I understand the trial practice and I understand the problems of a trial lawyer. I understand the trial lawyer. Being a trial lawyer is not an easy job contrary to what anyone else may think. And a trial lawyer has an absolute right in a courtroom to protect his client to the best of his ability as an

adversary. And I never take issue with that. The lawyers are doing what they think is best for their clients. That includes the Government lawyers together with the defendants' lawyers.

Now, we will proceed.

THE CLERK: Mr. Casey, please be advised that you are still under oath.

THE COURT: All right, Mr. Naftalis.

MR. NAFTALIS: Thank you, your Honor.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Mr. Casey, you have testified about certain officers of the bank receiving raises; is that correct?

A Yes.

Q To assist them to make the political contributions?

A Yes.

Q Now, sir, that is not reimbursement, is that?

A As I indicated yesterday, I could have termed this payment in advance.

Q Reimbursement is when someone lays out some money and then he is made whole again for the money; is that correct?

A Yes.

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Q In other words, if an officer of the bank had gone out and made a political contribution and then the bank went and gave the money to make him whole again -- in other words, he went out and spent $100 and the bank gave him $100 to make up for that, that would be reimbursement?

A Yes.

Q What happened here is not reimbursement?

A That's right.

Q Now, during the time that you were at the bank, is it fair and honest to say, sir, the demands for the contributions, they came from the politicians; is that correct?

A Yes.

A As a matter of fact, the bank was really not anxious for its officers to buy tickets or make donations but rather they went along grudgingly; is that correct?

A Well, do I have to answer that yes or no?

THE COURT: The best way you can. Can you answer it yes or no?

THE WITNESS: No, I don't think so.

The bank, I think, would have preferred if itself and all other banks were not making political contributions. But it was a fact of banking life and political life and therefore they did engage in

t e political contributions.

However, the term grudgingly, I think, might be inappropriate in that the bank did wish to maximize its participation in municipal business and to that end cultivated the best possible relationship with political parties and candidates.

(continued next page)

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Q Mr. Casey, do you recall when you testified before the Federal grand jury on June 4, 1975?

A Yes.

Q Do you recall being asked this question and making this answer by Mr. Katzberg --

MR. KATZBERG: Page, please?

MR. NAFTALIS: I'm sorry. Page 47.

Q "Question: That the demands for contributions were so great and the bank's willingness and desire to make these contributions was so great that the existing resources were simply inadequate.

"Answer: Well, it wasn't so much that the bank had a willingness or desire to make them, many of these contributions were really made kind of grudgingly, but the demand and the resources were there. I think it was around that time that I was informed that in fact the demands were so great they actually had been advanced funds by Mr. Shea to make up for the lack of funds being available."

Do you recall being asked that question and making that answer?

A Yes.

Q You mentioned that the bank was interested in obtaining municipal accounts?

A Yes.

Q I take it that the other banks who were their competitor banks had the same interest?

A Yes.

Q That includes the local banks on LongIsland and big banks with branches o Long Island?

A Yes. By municipal accounts I mean all Government accounts, U.S., state, local, school districts, water districts.

Q Now, I take it that -- isn't it fair to say, sir, during the course of time that you were with the SEcurity National Bank that Mr. Clifford questioned the profitability of these municipal accounts and the bank's interest in getting them?

A Yes.

Q In other words, there came a point in time when he felt they may not be worthwhile having to a great extent, is that correct?

A No. Mr. Clifford questioned the over-all profitability of municipal business because equally as important as a good relationship with the municipalities was purchasing municipal obligation bonds and notes and because they were tax exempt carried a lower yield and he was weighing the requirement of the investment of the bank

funds against the return generated as well as the over-all relationship.

Q I take it at some point in time he felt, as I think you indicated earlier, that these municipal accounts weren't as profitable as other accounts that might be available to the bank?

A He felt that way and we did a study on the profitability.

Q Mr. Casey, you mentioned on your direct examination by Mr. Katzberg something about getting some stamps from somebody and giving them to the Suffolk County Republican Committee I think it was?

A Yes. I think I said they were given to them. I didn't give them.

Q You personally didn't give the stamps to anybody?

A I gave them to Dennis O'Dougherty who had determined that the Suffolk County Republican Committee could use the stamps.

Q In any event, do you recall whether that was around 1971 when this happened?

A Yes, I believe it was.

Q Isn't it fair and honest to say that you never spoke with Mr. Clifford about these stamps about

which you testified?

A I am not sure whether or not later on I mentioned that those stamps had been delivered to the Suffolk County Republican Committee.

Q Do you recall when you testified in the grand jury, 1/18, under oath you testified in the grand jury and you were asked this question and gave this answer:

"Question: Did you ever talk to Clifford about this maneuver with the stamps?

"Answer: Not to my recollection."

Do you recall being asked that question and giving that answer?

A Yes, but I am not sure whether that relates before the stamps were delivered.

Q You did recall being asked that question and giving that answer in the grand jury?

A Yes.

Q Is it not a fact, sir, that while you were acting in the capacity of coordinating contributions or being a contact man that you came to be aware of the fact that certain individuals who were contributing objected to giving their money to certain political candidates, parties, and organizations, is that correct?

A Do you mean any political party, organization or just a particular one?

Q Let me see if I can make the question clearer.

Isn't it a fact, sir, during that period of time when you were acting as the so-called contact man it came to your attention that certain officers in the bank did not wish to make contributions to certain political parties, candidates or organizations? Isn't this a fact, sir?

A Yes.

Q In fact, that includes Mr. Powell?

A Yes.

Q Mr. Steven Corriss?

A I don't recall that being true of Mr. Corriss.

Q Do you deny it's true or you don't remember?

A I wouldn't deny it was true, I don't remember.

Q Albert Fach?

A Yes, I don't remember that being true.

Q I take it you don't deny it, but you just don't remember?

A I don't deny it.

Q I take it -- you indicated, did you not, that you contributed only to democrats, isn't that correct?

A To the best of my recollection.

Q That was a matter of choice on your own?

A Yes.

Q Now, you testified, sir, that you received a salary increase at the end of 1970; is that correct?

A Yes.

Q And that salary increase was something in the order of $5,000?

A Yes.

Q Was your testimony on your direct examination that you were informed $2,000 of that $5,000 was to be used -- available to you for the purpose of making political contributions, is that correct?

A The words used were $2,000 was for the club.

Q The club, I think everyone in the courtroom knows, refers to political contributions?

A Yes.

Q Now, you identified in your direct examination the checks that you made out payable in the year 1971 as political contributions, is that not correct?

A Yes.

Q They are in evidence as Exhibit 81. These checks add up to a total of $720.

What did you do with the balance of the $2,000 that was given to you for the purposes of the club?

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A First, $2,000 was not to be used for the political contributions in view of the tax liability and --

MR. NAFTALIS: Most respectfully, my question is "What did you do with the balance --"

THE COURT: That's all he wants to know.

A Yes, I will try to breakit down. There was a $2,000 increase. $800 was for tax liability, leaving a balance of $1200 for political contributions. Of that $1200 I expended that portion and I kept the rest as regular salary.

QYou retained the balance, is that correct?

A When I stopped making contributions in 1971, yes, I retained all of that.

Q No. You misunderstood my question. I am talking about the one year that you did make contributions, 1971, these checks totaled $720 out of the $2,000; is it fair and honest to say that you retained the balance for your own use?

A Yes.

Q You never returned it to the bank; is that correct?

A That's is true.

Q You ran for election in 1971, did you not?

A Yes.

Q And I think you indicated that you ran for election in the Town of Huntington?

A Yes.

Q For the city council?

A Town council.

Q I am sorry.

You are a Democrat I think you indicated?

A Yes.

Q You ran under the auspices of the Huntington Democratic Committee; is that correct?

A Yes.

Q Of your checks for the year 1971, which totaled $721, let me show you one of them the amount of which is $200 made out to the Huntington Democratic Committee.

That is your check, is it not?

A Yes.

Q That is part of that exhibit?

A Yes.

Q Of the $720 that you spent on contributions in 1971, $200 of which was given to the committee which supported your candidacy, is that not a fact?

A May I look at the check again to determine the date of that?

(Pause.)

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A I am not sure if this is dated 2/21 or 4.

MR. RYAN: Can we use the magnifying glass again?

MR. NAFTALIS: The endorsement is April 21,'71.

A In that case, I doubt I was a candidate at that point in time.

Q The Huntington Democratic Committee supported your candidacy, is that correct, in 1971?

A Yes.

Q Funds were made available from the Huntington Democratic Committee in the year 1971 for your candidacy?

A Yes.

Q In fact -- what happened was that in April of 1971 you gave $200 in monies that you had received from the bank to the Huntington Democratic Committee; is that correct?

A Yes, I believe that was for the purpose of two dinner tickets.

Q Later during the year you yourself received money from the committee for your own campaign?

A I don't think I received it personally, it was expended on my behalf for printing.

Q They made a financial investment in your campaign, is that not a fact?

A Yes.

Q Isn't it a fact, sir, it is as much an offense to knowingly -- for a bank to illegally make illegal campaign contributions, it is equally illegal for you or any other political candidate to receive such political contributions, isn't that the fact?

MR. PATTISON: I object.

THE COURT: If he knows.

MR. PATTISON: As a matter of law?

THE COURT: He knows as a lawyer.

A As a matter of law I understand it is equally wrong for a candidate to receive a contribution.

Q Therefore if you had received monies from the Security National Bank for use in your political campaign that would be a crime?

MR. KATZBERG: Objection. There is no connection with that check and any funds going to him.

THE COURT: At this point he is not asking that. He is asking whether or not it would be --

THE WITNESS: It would be.

THE COURT: Just one moment.

Are you cool? Do you wish to raise the heat a bit?

All right, but don't fall asleep on me now.

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Q It's been established that you received this $2,000 raise in 1971, you made these political contributions in the amount of $720, $200 of which was to the Huntington Democratic Committee; is that correct?

A Yes.

Q Now, isn't it a fact, that in 1972 you stopped making contributions?

A That is not accurate. That is not a fact.

Q Do you deny that you stopped making contributions in 1972?

A I stopped in '71.

Q When did you stop precisely to the best of your recollection?

A November '71 to the best of my recollection.

Q Now, in 1972, then, while you were working at the SEcurity National Bank you made no political contributions, is that correct?

A To the best of my recollection, yes

Q Also that is true during that portion of 1973 at the Security National Bank before your employment there ended, is that correct?

A Yes.

Q I take it -- withdrawn.

There is no question, is there, you still

2 continued to receive that raise, that $2,000 raise which was
3 given to you for the purpose of being a member of the club,
4 is that correct?
5 A Yes.
6 Q You never at any time offered to give that
7 money back because you had no longer -- were no longer
8 contributing, is that correct?
9 A That is right.
10 Q Nobody asked you to return that $2,000 raise,
11 is that correct?
12 A That is true.
13 Q You used that $2,000 for 1972, whatever portion
14 of it you got in 1973, for whatever purposes you felt were
15 useful?
16 A Yes.
17 Q Now, in 1972, or '71, if you will, excuse me.
18 you had had a dispute, had you not, with Mr. Clifford, is
19 that correct?
20 A Could you specify?
21 Q Isn't it fair and honest to say, sir, that in
22 1971 or 1972 that you had a disagreement with Mr. Clifford
23 because he objected to you running for political office?
24 A Yes.
25 Q The answer is yes?

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A Yes.

Q Didn't Mr. CLifford say to you in substance that a banker should be a banker and not be a politician? Didn't he say that to you?

A I don't recall his saying that in substance.

Q Then the answer is no, you don't remember that?

A That's right.

Q Do you recall being asked this question and giving this answer in the grand jury on page 80:

"Question: By the way, did you ever speak to Mr. Clifford about his association with Mr. Schwenk or Mr. Margiotta?

"Answer: Well, I am a registered Democrat and so is Mr. Clifford. But, he believed that a banker should not be an up-front political person. He should not seek elective office and should not be too closely identified with a political party so that he alienated the opposition."

Do you recall being asked that question and giving that answer?

A Yes.

Q Did there not also come a time when you spoke to one of the directors of the bank, Mr. Leonard Braun, about the question of whether or not you should run for

office?

A Yes.

Q And Mr. Braun on behalf of the bank tried to talk you out of running for political office, is that correct?

A Yes.

Q He said it wasn't good for the bank?

A I'm not sure if he was acting on behalf of the bank.

Q Irrespective of what your opinion is, as to whether he was acting on behalf of the bank or not, Mr. Braun was a director of the bank?

A Yes.

Q He tried to speak to you about not running for office?

A He did speak to me, he took me out to lunch.

Q By the way, did you during the course of that conversation or any other conversation with Mr. Braun attempt to conceal the contributions program from him?

A No.

Q Now, there came a time when you ran for office in 1971, that there was a lot of bad publicity in the newspaper about your candidacy?

A I don't think I can answer that with a yes.

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It was bad publicity concerning the bank and --

Q Isn't it a fact, sir, when you ran for office in 1971 that there was bad publicity about your running and the bank's name was brought into it?

A Yes.

Q That fact upset Mr. Clifford because it reflected on the bank?

A Yes.

Q There came a time that you were called in by Mr. Clifford and two other directors of the bank, Mr. Carter and Mr. Shea, and questioned about that, is that correct?

A Yes.

Q They were all upset about the bad publicity that happened to the bank as a result of your running, is that correct?

A Yes.

Q You told them, did you not, that you were guiltless in terms of any wrongdoing, didn't you make that statement to them, that you were guiltless in terms of any wrongdoing?

A I don't recall making that specific statement.

(continued next page)

MR. NAFTALIS: Let me see if I can help you: Page 88.

Didn't you tell the grand jury:

"And I felt that I was" -- this is as to your meeting with Mr. Carter, Mr. Shea and Mr. Clifford, "-- I felt -- I knew I was guiltless in terms of any wrongdoing, and I felt I was guiltless in getting the bank involved in the campaign."

Do you recall saying that before the grand jury?

A That isn't what you asked me. YOu asked me if I said that to them.

Q You didn't say that to them, you just felt that?

A Yes, that is right.

Q And as a result of the bad publicity that the bank received from your political campaign, isn't it fair and honest to say, management of the bank was very upset with you, is that correct, and your position became less secure at the bank?

A I think that is fair.

Q And there were other things that they became dissatisfied with? There was a question of whether you were bringing in enough business as head of business

development? Weren't questions raised as to whether or not you were properly performing your job as head of Business Development?

A No.

Q At no time were you ever questioned about whether or not you were properly doing your job there?

A Mr. Clifford and I had discussions concerning this, but I do not think it is fair to say that he questioned that specifically.

Q Weren't you asked to make a report to show what you had done in your department, because there was some question as to what you had done at all?

A We routinely made a number of reports.

Q You were never called upon to make a special report outlining the work that your department had done, yes or no, sir, or if you don't recall --

A Yes, I made special reports.

Q Now, isn't it fair and honest to say, sir, that there came a time when you were fired from your position in the bank?

A That is wrong.

Q You were not fired?

A I was not.

Q You left on your own free will?

A I went into Mr. Clifford's office and tendered my resignation, which was followed by a memorandum from me asking him to submit that resignation to the board of directors.

Q Isn't it a fact that you were asked to leave the bank and asked to resign?

A No, that isn't a fact.

MR. NAFTALIS: May I have marked this document as our next exhibit?

MR. KATZBERG: May I see it?

MR. NAFTALIS: As soon as it is marked.

THE CLERK: One-page document marked for identification as Defendant's Exhibit Z.

(Shown to counsel.)

MR. NAFTALIS: Could I have this marked as the exhibit after that?

THE CLERK: One-page document marked for identification as Defendant's Exhibit AA.

Q Let me show you what has been marked for identification as Exhibit Z and see whether or not this refreshes your recollection as to whether you were asked to leave the bank?

(Docum ent shown to witness.)

This is a document from your personnel file?

A This document I never saw before.

Q Does it refresh your recollection as to whether you were asked to leave the bank?

A No, it does not.

MR. NAFTALIS: We offer it into evidence.

MR. KATZBERG: No objection.

THE CLERK: Defendant's Exhibit Z, previously marked for identification, received in evidence.

MR. NAFTALIS: May I read it to the jury?

THE COURT: It is in evidence.

MR. NAFTALIS: "Officer Career Planning Report, dated March 9, 1973, Thomas Casey, Vice President, Development Administration.

"DEscribe briefly this officer's most noticeable weaknesses and how they should be corrected.

"Lack of supervisory capacity."

Then it says:

"Identify possible alternative career paths. Also specify whether this officer is suited to his present assignment. If not, identify generally the kind of assignment in which he might be more effective or recommend through proper channels a final course of action to sever employment.

"Calling officer in national division, perhaps

everyone would be happier if we agreed to a termination."

Then it says:

"Describe briefly those experiences or exposures which would be beneficial for the continuing development of this officer, either to increase his effectiveness in his present position, to qualify him for his target position, or to enhance his long-range career development." And the word "none" is typed in.

MR. PATTISON: Would you read the signature?

MR. NAFTALIS: I cannot identify it. I really do not know the signature.

MR. PATTISON: The date?

MR. NAFTALIS: I read the date as March 9, 1973. I assume it is the personnel director, but I do not know.

Q Now, when you left the Security National Bank you joined Nassau Trust?

A Yes.

Q And that was a bank at that time that Mr. Dowd was the president of?

A Yes.

Q Was it not a fact, after you left SEcurity

that the people at the Security National Bank, including Mr. Clifford, were very upset by the fact that you had shared confidential Security National Bank information with outside sources?

A I never learned of this until I was shown a memorandum placed in my file. I had not knowledge of that at the time. Apparently this memorandum was placed in my file some five months after I left the bank.

Q I show you Exhibit AA, and this is the memorandum that you saw that was subsequently placed in your file -- in your personnel file?

A Yes, this relates to apparently my being interviewed by Newsday, a Long Island newspaper.

MR. NAFTALIS: We offer Exhibit AA for identification into evidence.

MR. PATTISON: Can we have the ultimate offer?

MR. NAFTALIS: Robert F. BArton, Director of Personnel at the bank.

MR. PATTISON: No objection.

THE COURT: Mark it into evidence.

TRHE CLERK: Defendant's Exhibit AA received in evidence.

Q By the way, you indicated that you examined your personnel file prior to coming here to testify; is that

correct?

A No.

Q You have not?

A I was shown that memorandum. That is what I identified.

Q Which came out of your personnel file?

A I assume it did.

MR. NAFTALIS: May I read it to the jury? This is a statement which is part of Mr. Casey's personnel file at the SEcurity National Bank:

"It has been determined Mr. Casey is not eligible for rehire at SEcurity National Bank by reason of his lack of judgment by compromising and sharing confidential bank information with outside sources. This breach of trust is of the magnitude necessary to make this action absolutely necessary. Any references that are forwarded to the bank in the future are to merely state that MR. Casey is not eligible for rehire, with no other reasons stated, unless cleared by the chief executive, chief administrator, or chief operating officer of the bank. Initialed RFM, Robert F. Martin, Personnel Director of the bank."

Q I take it it was Mr. Katzberg that showed you

this memo in the course of one of your interviews with him?

A Yes.

Q Mr. Casey, I believe you indicated that there came a time when you learned that the Security National Bank had issued certain official bank checks to certain political organizations; is that correct?

A To one political organization.

Q Fine.

A Yes.

Q And that came to your attention -- the fact of the issuance of the official bank checks came to your attention when you had a conversation with Mr. Arthur Chadwick?

A Yes.

Q And Mr. Chadwick told you that he had done that at the direction of a man by the name of Joseph Stefan?

A That Mr. Stefan had authorized it.

Q And he was the executive vice president of the bank?

A And chief operating officer.

Q And chief operating officer of the bank as well.

So Mr. STefan was one of the very highest

officers of the bank at that time?

A Yes, he had succeeded to Mr. Powell's position when Mr. Powell retired.

Q After you learned that, you reported that fact to Mr. Clifford during the next couple of days?

A Yes, Mr. Clifford asked me to report back.

Q When you told Mr. Clifford that Mr. Stefan had authorized the use of bank checks to make political contributions, he became very angry, is that correct?

A I believe I testified yesterday that he became angry.

Q And Mr. Clifford stated, did he not, that that procedure should be undone and that the bank should be reimbursed by the contribution club for the money that had been expended; is that correct?

A Yes.

Q And as a matter of fact he said, did he not, that the bank must be reimbursed -- that the bank must be reimbursed from the club for the amount of the contribution plus interest; isn't that right?

A No, we didn't discuss interest.

Q You never had that conversation about interest?

A No.

Q And he said for you to go to Mr. Stefan to

get it straightened out?

A The first thing he told me to do is get it reversed and as I indicated yesterday I said it was too late for that, the checks had cleared.

Q Then he said to you to have Mr. Stefan arrange to have the bank repaid; is that correct?

A He said that he would take care of that.

Q And I think you said that he was angry at what Mr. Stefan had authorized?

A Yes.

Q I take it to your knowledge that is the only time that the bank made a direct political contribution?

A Yes.

Q And you testified when Mr. Clifford heard about it he asked that it be reversed and undone; is that correct?

A Yes.

Q Now, you testified on your direct examination about a conversation that you had with Mr. Dowd at the time you were at the Nassau Trust Company in which Mr. Dowd related to you a conversation that Mr. Dowd had with Mr. Clifford; is that correct?

A On the telephone, yes.

Q And is it not fair to say, sir, that that

conversation occurred in 1973?

A To the best of my recollection it was in late 1973 or early 1974. I am not sure.

Q Well, isn't it a fact, sir, when you were questioned by the Federal grand jury you told them that conversation occurred in 1973?

MR. KATZBERG: Page, please?

MR. NAFTALIS: 75 through 76.

A That's a fact and that would be accurate. I am just not sure.

Q That was in June of 1975, which was closest to the events in question, was it not?

(Nods head.)

Q As a matter of fact, you fixed the conversation in your grand jury testimony as definitely occurring in 1973; isn't that correct?

MR. KATZBERG: Objection.

THE WITNESS: May I see it?

MR. NAFTALIS: I will read it to you.

THE WITNESS: I'd prefer to look at it.

Q I do not object to your looking at it.

A I have no quarrel with that. I am just unsure.

MR.NAFTALIS: Start here (indicating).

Whenever you have finished, just look up.

THE WITNESS: I was asked: "It was sometime in 1974?" And I said, "Probably in 1973 because I joined Nassau Trust in March of 1973."

I think this indicates at the time I wasn't sure of it.

MR. NAFTALIS: Why don't I read in the questions and answers that you gave under oath to the Federal grand jury:

"Question: Your conversation with Mr. Dowd, when you had joined Nassau Trust?

"Answer: It was after Nassau Trust.

"Question: So it was sometime in 1974?

"Answer: Probably 1973 because I joined Nassau Trust in March of 1973 after I left Security.

"Question: Approximately how long a period of time had you been Nassau Trust when you had this conversation with Mr. Dowd?

"Answer: I don't know. I think it might have been like six months afterwards.

"Question: So we are talking about the latter part of 1973, towards the end of 1973, the tenth month approximately or somewhere in there, the fall-winter of 1973, is that fair to say?

"Answer: Yes."

Do you recall being asked those questions and giving those answers?

THE WITNESS: Yes.

Q Now, you were interviewed on an earlier occasion, were you not, prior to your grand jury testimony by the Federal Bureau of Investigation; is that right?

A As I testifeid yesterday, they interviewed me prior to my leaving Nassau Trust, they interviewed me sometime in the spring of 1974.

Q In May.

You were intereviewed by Agents Egan and Quinn, I believe those are their names?

A Yes.

Q John K. Egan and William J. Quinn, and they asked you questions about political contributions program at the Security National Bank?

A Yes.

Q Isn't it a fact, sir, at no time during that interview with Agents Quinn and Egan did you mention this conversation about what you testified here, that you had with Mr. Dowd?

A That's true.

Q You didn't.

In other words, the answer is "No" you didn't?

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A To my recollection they never asked me about any such conversation. It was not a subject of discussion.

Q And you did not volunteer the conversation to them, yes or no?

A Yes.

Q You did not volunteer it?

A That's right.

Q Now, I take it -- did you ever make a written memorandum of that conversation you had with Mr. Dowd?

A No.

Q You have no notes of it?

A None.

Q Now, when you testified in the grand jury about this, isn't it a fact that you told the grand jury that based upon your conversation with Mr. Dowd -- let me start again. I am losing my train of thought.

When you testified in the grand jury in June of 1975, some ten months ago, is it not a fact that when you related that conversation, when you were testifying under oath, you merely said in response to the matter of these records that Mr. Down mentioned something about the fact that the earlier records probably weren't around or available and that you "got the impression from talking to Mr. Dowd that Mr. Clifford didn't dispute what Mr. Dowd

had said or agreed with it." Isn't that what you told the grand jury in substance?

A I'd like to look at the testimony. If you are asking me to characterize that in substance I would like to look at it.

Q Why don't I read into the record here the questions and answers before the grand jury, page 76:

"Question: Now, what did Mr. Dowd say about his conversation with Mr. Clifford?

"Answer: Mr. Clifford was concerned" -- you are relating what Mr. Dowd told you -- "Mr. Clifford was concerned about the investigation that was under way and was expressing his concern to MR. Dowd and Mr. Dowd said, 'I am not exactly sure how it came about'" -- that's your statement. "But Mr. Dowd said, 'I guess those records have been destroyed or those earlier records.' I am not sure what he meant by 'earlier records.' But Mr. Clifford I got the impression indicated 'Yes' or did not dispute it.

"Question: And that's what Mr. Dowd told you; isn't that correct?

"Answer: Yes."

MR. KATZBERG: Can the question be read

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between those two lines?

MR. NAFTALIS: "Question: But Mr. Dlifford I got the impression from Mr. Clifford indicated 'Yes', and then Mr. Katzberg interrupted with a question, 'You bet' and then the answer, 'Mr. Clifford did not dispute it.'

"Question: And that's what Mr. Dowd told you; is that correct?

"Answer: Yes."

Do you recall being asked those questions and giving those answers in the Federal grand jury under oath on June 4, 1975?

A Yes.

Q Now, Mr. Casey, I believe you testified --

THE COURT: Are you going to go to something new now?

MR. NAFTALIS: Yes.

THE COURT: I must recess now, for I have a special hearing set for this time. You may take your luncheon recess now. Be back at about 2:00 o'clock. Do not talk about the case or read anything about it.

You may step down.

(Recess taken.)

HS?ffe
1pm/1

AFTERNOON SESSION

THOMAS CASEY, having been previously duly sworn by the Clerk of the Court, resumed the stand and testified further as follows:

THE COURT: Bring in the jury.

(Jury present.)

MR. NAFTALIS: May I continue, your Honor?

THE COURT: Yes.

CROSS-EXAMINATION

BY MR. NAFTALIS: (continued)

Q Mr. Casey, you began testifying yesterday in this case; is that correct?

A Yes.

Q And since -- and you began being cross-examined at the end of yesterday -- the latter part of yesterday --

A Yes.

Q During the time period that cross-examination began and up to this minute in time, you have spoken, have you not, with Mr. Katzberg?

A Yes.

Q And you have gone over with Mr. Katzberg, have you not, materials that he might want to ask you on cross-examination?

A Not really. We spoke very very briefly, just a matter of a few minutes. It was a question of --

Q Did Mr. Katzberg discuss with you in any way questions or materials that he wanted to have brought out when he had another opportunity to question you on redirect examination? Did he or did he not?

A No.

Q Now Mr. Casey, you testified about a man called Joseph Dutra; is that correct?

A Yes.

Q Could you refresh our recollection as to what was his title at the Security National Bank?

A Vice president.

Q What was his area?

A He was in charge of marketing -- excuse me, actually he had another vice president in charge of marketing that reported to him, who left the bank shortly after I joined the bank, and Mr. Dutra assumed that responsibility.

Q I believe it is correct to say, is it not, that you testified on your direct examination to a substantial number of conversations that you had with Mr. Dutra on the subject of the club or political contributions?

A Yes.

Q Now, the lawyers for the bank or the law firm of Shea, Gould, Climenko and Kramer?

A I think that was one of the firms.

Q They were the general counsel to the bank?

A Yes.

Q That was the firm to which Mr. William Shea was a partner?

A Yes.

Q William Shea was the general counsel to the bank and a director of the bank?

A Yes.

Q And at Mr. Shea's firm there was another fellow who was involved in large measure with the legal work of the bank, a Mr. DeGenaro?

A Yes.

Q That is George DeGenaro?

A Yes.

Q Now is it not a fact, sir, that Mr. Dutra told you that he had had a conversation with Mr. DeGenaro about the operation of the contributions club?

A I'm not sure of that. He may have.

Q Let me see if I can refresh your recollection with your Grand Jury testimony, page 50.

"Question: Now again focusing on the need to change the structure of the club in order to bring it within -- apparently within the law, do you recall there came a time when Mr. Dutra went to speak to a

member of the law firm of Shea, Gould, Climenko and Shea?

"Answer: He told me he did. I was not privy to that conversation. I was not at that meeting. HE told me he discussed it with Mr. George DeGEnaro, who is a partner of the firm. I didn't know if he was a partner. Later, I believe, he was a partner and he did discuss the political contribution system with him."

Do you recall being asked that question and giving that answer?

A Yes.

Q Do you recall that Mr. Dutra told you that he had discussed changing the structure of the contribution program with Mr. DeGenaro and that Mr. DeGenaro had cleared it?

A By clearing it, you mean approved it?

Q Yes.

A Yes, that was my impression.

Q And your impression is based upon what Mr. Dutra told you?

A Yes.

Q Now, you have testified and it is clear that you are a lawyer and also a public official; is that correct?

A Yes.

Q And at the time that you worked for the Security National Bank -- withdrawn.

The principal statute involved in this case being tried here is Section 610 of the United States Code.

When you went to the Security National Bank, had you, as a lawyer and a politician, ever heard of Section 610 of the Federal Criminal Code?

A Not to my knowledge.

Of course, when I was admitted to the bar I was not functioning as an attorney. I was admitted to the bar when I originally worked in a bank and continued to work as a banker until I left Nassau Trust.

Q But in connection with your running for public office, I mean, you were involved in the solicitation of funds for your own campaign; is that not correct?

A Yes.

Q Although you had run for public office, solicited funds for your own campaign, and were a member of the bar, at the time you worked at the Security National Bank you never heard of Section 610 of the Criminal Code; is that correct?

A To the best of my recollection I had no occasion to ever research that.

Q And do you remember in your conversations with Mr. Katzberg, Mr. Katzberg saying to you that Section 610 of

the Federal Criminal Code and the laws so regulating political campaigns, is not an area that the general practioner is familiar with?

A I don't remember that.

As a matter of fact, the first time that section was mentioned to me was when the FBI interviewed me.

Q Do you recall being asked this question and giving this answer when you testified before the Federal Grand Jury on June 4, 1975, page 53:

"Question: And even in further applications of that point, isn't it fair to say that the area of Federal election laws, by which the bank was certainly governed, as well as State election laws to which extent the bank was also governed by, in that the bank was a State corporation, a creature of the State, was certainly an area of legal expertise that a general practitioner, even one who practices law in general, is not usually familiar with?

"Answer: That is correct, yes."

Do you recall being asked that question and giving that answer?

A Yes.

Q As a matter of fact, did Mr. Katzberg go on to tell you that it requires an expert law firm to really give a

good legal opinion as to what is proper and what is improper?

MR. KATZBERG: Your Honor, I'm sorry to interrupt. My statements are not evidence, either here or in the Grand Jury.

THE COURT: Yes, what either attorney says is not evidence.

MR. NAFTALIS: I will just read the question and answer.

Q Weren't you asked this further question by Mr. Katzberg and didn't you give this further answer:

"Question: It would take an expert, maybe like the Shea firm, to give you a really good solid legal opinion about Section 610 of the United States Code, or some of the corporate laws or election laws of the State of New York?

"Answer: That's true and I never heard of Section 610 and that is why -- and I assume that is why Mr. Dutra went to the firm, being the law firm of Shea, Gould."

Do you recall being asked that question and giving that answer?

A Yes.

Q Neither Mr. Powell, Mr. Dowd or Mr. Clifford are lawyers, are they?

A To the best of my knowledge they are not.

Q Let alone expert lawyers on the election laws; is that correct?

A Correct.

MR. NAFTALIS: I have nothing further.

MR. COHN: If your Honor pleases, may I request that you ask the Clerk to produce a file that I have subpoenaed and which has been produced in Court?

THE COURT: Yes.

MR. COHN: Thank you.

CROSS-EXAMINATION

BY MR. COHN:

Q Mr. Casey, by way of introduction my name is Irving Cohn, I am a lawyer from Mineola, and I represent David Dowd.

You and I have never spoken?

A Not to my knowledge.

Q We never met?

A No.

Q You were subpoenaed by my office, Monday I believe, to produce papers and documents?

A On Monday at 4:00 p.m.

Q Have you produced the records, sir?

A I couldn't produce them. I was in here on

Tuesday and have been here ever since.

However, I do have the subpoena. Some of the items have been turned over to the United States Attorney -- previously turned over.

Q Let us go over the subpoena.

You were asked to produce all cancelled checks of contributions made by you to political organizations during the period of your employment with the Security National Bank. Have you produced such checks, sir?

A I produced what checks I could find and I have not been able to find any since Monday -- any additional ones, although there may be some existing.

MR. KATZBERG: Let the record reflect that those are contained in Exhibit 91 in evidence.

MR. COHN: I think Mr. Katzberg is referring to checks previously turned over to the Government by this witness, is that correct, prior to my subpoena this Monday?

MR. KATZBERG: Yes.

Q Are you telling us, sir, that Mr. Katzberg now has in his possession every single check that you wrote by way of apoliticial contribution during your employment by the Security National Bank?

A No, I am not.

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Q Do you have any other checks, sir?

A I don't have them. There may be other checks. I couldn't find any.

Q Did you destroy them, sir?

A No.

Q I then asked you to produce copies of all campaign finance statements filed by you with any governmental agency of the State of New York relating to political campaigns in which you were a candidate for public office during the period from 1966 to 1975 inclusive.

Have you produced those?

A I have no copies. They have been filed with the appropriate agencies and I assume are available from the Secretary of State and the Board of Elections but I have no copies.

Q Are you telling us, sir, as a candidate for political office who is required to file Statements of receipts of political contributions, you never kept any copies?

A That is right, I have no copies.

Q So right now, as you sit on this witness stand, you have no copies of that which you have filed with governmental agencies as required by law; is that correct ?

A That's right.

Q Did you destroy your copies, sir?

A No, I did not have copies.

Q You were then asked to produce copies of all memoranda, notes and other records of any communications between the law firm, Shea, Gould, Climenko and Kramer, or any other lawyer or law firm, and yourself relating to political contributions for the period of time you were employed by the Security National Bank. Have you produced any?

A I know of no memoranda, notes or other records.

Q You were also asked to produce any and all other records of any kind in your possession or copies of the same relating to the matter of political contributions during the period of your employment by the Security National Bank.

Have you produced any, sir?

A I have already produced those to the United States Attorney in prior submissions.

Q What documents were those that you produced?

So far all we have seen are your checks. Is there anything else that you gave the Government besides your checks?

A Yes, the memoranda -- the note that I made at the time of my conversation with Mr. Chadwick.

MR. KATZBERG: That was Exhibit 83 for identification.

Q Anything else, sir?

A I gave them a directory of the Long Island Bankers Association which was a standard directory, but I have no file, no records. All of the records that I kept at the time that I was directly involved with the political contributions were either turned over or kept by Mr. Chadwick.

Q Let me ask you this, sir,

When you were first asked by Mr. Katzberg what your occupation was, I think this was one of the first questions he put to you, you told him you were an attorney; is that correct?

A Yes.

Q Later it was developed in addition to being an attorney, you were also a town councilman for the town of Huntington?

A Yes.

Q What is a town councilman?

A A local legislator.

In the town of Huntington, a town of 215,000 people, the town board which is composed of a supervisor and four councilmen, enact the local laws, adopt the budget, set the zoning for the town.

Q And how long have you been such a councilman?

A Since I was elected in 1967. I took office

January 1, 1968.

Q Then you ran again in 1971?

A Yes.

Q You also ran again in 1975?

A Yes.

Q And in particular in or about September of 1975 you engaged in a primary fight for the Democratic nomination for councilman?

A Yes.

Q That was about the time that this indictment was disclosed to the press; is that correct?

A Yes, the indictment was disclosed.

Q On September 5th?

A Just a few days before the primary, yes.

Q In addition to being a lawyer, and a town councilman, do you have any other occupations?

A I am a commander in the Coast Guard Reserve --

Q Is that an occupation, sir?

MR. KATZBERG: Objection, your Honor. Counsel asked the question and got an answer that he did not like.

THE COURT: We do not need any statements.

Q Are you also a politician, sir?

A I perhaps ought to ask for a definition --

THE COURT: No, no, answer the question.

Q Are you a politician?

THE COURT: You must answer the question.

THE WITNESS: Yes.

Q You used the word "politician" on several occasions in your direct examination. May I assume that you understand the meaning of the word?

A Well, I understand what I mean by it.

Q Do you hold any position with any major political party on Long Island?

A Yes.

Q Which political party do you hold an office in?

A With the Democratic Party.

Q Will you tell this jury when for the first time you held any office with the Democratic Party in the State of New York.

A I believe I was elected a county committeeman in 1966.

Q And does that cover all of Suffolk County, sir?

A No, it covers an election district in the town of Huntington, but all local committeemen are all technically members of the county committee.

Q In addition to being a county committeeman, sir, have you held any other position with any Democratic

organization or any Democratic club?

A Yes, I am a member of the State Committee.

Q When did you become a member of the State Committee?

A I was elected to that post in 1972.

Q And have you run for reelection to that post?

A Yes, I ran again in 1974 and was relected and I am now --

Q Are you again running this year, sir?

A Yes.

Q Right now?

A Yes.

Q In connection with that post, in 1976, have you solicited political contributions?

A No.

Q Have you filed with the Board of Elections of Suffolk County those politicial contributions that you have received --

A Yes.

Q -- in connection with your running for office of state committeeman?

A Yes.

Q Have you held any other positions with any other Democratic Club or any Democratic party, town, county

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or statewide organization?

A Yes, I was vice chairman of the Huntington Democratic Committee and acting chairman in 1968 and vice chairman -- I was vice chairman until I was elected state committeeman in 1972.

Q What does he do, sir?

A He is a member of the New York State Democratic Committee.

Q What does that mean?

A It means that he votes on the selection of a state Democratic chairman and other party officials and votes at such meetings of the State Committee as are called.

Q Are you involved in the selectionof candidates for governor of the State of New York?

A I attended the New York State Democratic convention held in 1974 at Niagara Falls.

Q Were you actively engaged during the time we are talking about in this case -- actively participating in the promotion of a candidate for state office?

Let me refresh your recollection.

Do you remember the time when Governor Carey was running in a primary against Howard Samuels for the Democratic nomination for governor?

A Yes.

Q What year did that take place?

A '74.

Q Were you actively engaged in furthering Governor Carey's campaign to win the primary in Suffolk County?

A Yes, as a member of the state committee I am on the county executive committee and I supported his candidacy, but the term "actively engaged" is difficult to be precise about.

(Continued on next page)

?fols.

BY MR. COHN:

Q Mr. Casey, isn't it a fact that you were one of the primary people who were pushing Government Carey's campaign in Suffolk County, so he could win the primary in that county?

MR. PATTISON: Objection to the form.

THE COURT: If it is within his own knowledge, whether he did or did not.

THE WITNESS: I'd like to think I was, but I do not know if the Government knows that.

Q As a result of your activities on behalf of Governor Carey, didn't the situation develop where you then asked for consideration to be appointed as the Superintendent of Banks in the State of New York?

A No, not as a result of my campaigning for Governor Carey.

Q Your activites on behalf of Governor Carey, when related to the time when you offered yourself for that position, certainly didn't go unnoticed by the Governor, did it, as far as you know?

A The Governor -- and I have very little contact with him -- never gave me any indication of knowing of any role I played in any of his campaigns.

Q Now, let us go back to the time that you worked

for the Security National Bank. I take it that you were in the marketing department; is that correct?

A That is wrong.

Q In what department were you in, sir?

A I was in charge of the business development department.

Q And as part of your duties in the business development department, were you involved in obtaining municipal deposits?

A Yes.

Q Were you accively engaged in that area on behalf of the bank?

A Yes.

Q And your superior, the one you reported to, was Mr. Dutra?

A Yes, initially I reported to Mr. Dutra and Mr. Dowd. We both were under Mr. Dowd's agency.

Q And this was part of the operations of the department that was assigned by the bank to Mr. Dowd; isn't that right?

A Yes.

Q That was his job, isn't that right?

A That's right.

Q To be involved in that area?

A Yes.

Q That's what the bank paid him a salary for; is that correct?

A Well, that and his other duties.

Q That is what the bank paid you a salary for; is that correct?

A Yes.

MR. COHN: May I have this document marked for identification, please?

THE CLERK: Four page document marked for identification as Defendant's Exhibit BB.

(So marked.)

Q Mr. Casey, I am going to show you a paper and I will ask you, sir, if you recognize this as a paper that you prepared and which you submitted to Mr. Dowd while you were working at the bank?

A Yes, I recall having prepared this.

Q When was the last time you saw that paper or a copy of that paper, sir?

A I think right after I prepared it in July of 1972. I have not had occasion to see it since.

Q You have not seen it this week, sir?

A No.

Q Or a copy of that letter this week, sir?

A No.

Q Mr. Katzberg did not call to your attention that I gave him a copy of that paper earlier this week?

A No.

Q But you recognize this to be an official document of the Security National Bank; is that correct?

A This is an inter-office memorandum prepared by me and sent to Mr. Dowd.

Q Your signature appears at the foot of that paper; is that correct?

A Yes.

MR. COHN: I offer it into evidence, your Honor.

MR. KATZBERG: No objection, your Honor.

MR. NAFTALIS: May I look at it first?

MR. COHN: Why don't I have it marked first?

THE CLERK: Defendant's Exhibit BB received in evidence.

(So marked.)

(Shown to counsel.)

Q Mr. Casey, I am going to question you about this paper. I have another copy. I will use my copy to prepare my questions and you may keep this document to refer to.

At the time you came to the bank, what was the amount of the municipal deposits that the bank held?

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A Paragraph 2, the first sentence, December 31, 1969, which was the month prior to my joining the bank, public funds were 104,900,000.

Q And at that time, on December 31, 1969, you became responsible for municipal development, is that correct?

A That's wrong.

Q Didn't you say in this letter on December 31st, 1969, the month before the writer joined the bank and became responsible for municipal development, our public fund deposits were in the amount of 104,900,000?

A Yes, and I joined the bank a month later.

Q When you joined the bank, you became responsible for municipal deposits?

A Which is the month after this figure.

Q I will concede that you joined the bank a month later.

Then you went on to say that on October 18, 1972, the call report figures issued by the Long Island Bankers Association showed us to have public funds in the amount of 386.6-million; is that correct?

A You said October 18th. I assume you meant April 18th, which is mentioned here.

Q I stand corrected on April 18th, 1972, so

during that time when you were with the bank and you became responsible for municipal development, the public funds deposited increased from 104 to 384-million; is that correct?

A Yes, municipal development --

Q I just asked you if that was correct?

A Yes.

Q Then you went on to call to Mr. Dowd's attention that there were three reasons why the bank had incurred the increase of these municipal deposits; is that correct?

A Yes.

Q You stated that the bank was located in a good growth area?

A Yes.

Q Then you went on to say --

A Excuse me, part of that same sentence is, "Where municipal budgets have continued to climb."

Q Then you went on to say that our bids on municipal obligations have been successful; is that correct?

A Yes.

Q Then the third paragraph -- the third reason for the increase, that which you called to Mr. Dowd's attention, was a successful calling and cultivation effort by the officers in municipal development; is that correct?

A Yes.

Q One of whom were you? Were you an officer in municipal development?

A I had overall responsibility for more than --

Q Please answer my question:

I do not want to get this all confused. I do not mean to cut you off. Please take it slowly. As part of your duties, were you not one of the officers in municipal development?

A Yes.

Q So if I just want to reread it, that one of the reasons why these municipal deposits went up, was a successful calling and cultivation effort by the officers in municipal development, that is what you told David Dowd; is that correct?

A Yes.

Q In many cases we have a relationship with a particular municipality only because of the close personal contact and good rapport built up between municipal development and municipal officers, isn't that what you wrote to David Dowd on July 26, 1972?

A Yes.

Q And did you state that at that time you felt the making of political contributions was illegal?

Did you put that anywhere in your report?

A I didn't have to.

Q Did you put it into your report, sir?

A No.

Q Then in the next paragraph you acknowledged that somebody in the bank had raised the question of the possibility of municipal business; is that correct?

A I say the question arised frequently. I didn't specify that someone had raised --

Q The question arises of the possibility of municipal business. This is critically important because on this conclusion hinges the question of whether the municipal business should be expanded, held static or even de-emphasized.

I have read that correctly?

A Yes.

Q You wanted these municipal accounts to be expanded; isn't that correct, sir?

A No, I am not sure --

Q Let us find out from the document then.

Immediately after you raised the question as to whether the municipal business should be expanded, held static or even de-emphasized, and that attached is analysis of municipal account profitability for 1971, which was prepared by Charlie Humphrey, and then you annexed the analysis which

I tell you has been admitted into evidence when the gentleman by the name of Winston Hart was questioned. Mr. Hart reported to the jury as to his conclusions as to the profitability of these accounts.

Let us go on now: Using the most conservative criteria, you are now referring to Charlie Humphrey's report, the lowest earning allowance this indicates is a net profitability of 2.2-million dollars. Am I reading it correctly? Read from the yellow sheet, because this is what you said. Will you look at the last paragraph on the first page?

A Okay.

Q About seven lines from the bottom?

A That is what I say here.

Q So you are calling to David Dowd's attention, are you not, that these municipal accounts are generating a profit of 2.2-million dollars, that this represents a contribution of more than 15 percent of the total bank income; isn't that what you told David Dowd?

A Yes.

Q You brought that to his attention, isn't that right, after you asked the question in the letter as to whether or not the municipal accounts should be expanded or contracted? Have I read it in the proper sequence, sir?

A Yes.

Q And then you go on to say:

While it is reassuring to recognize that we are preeminent in public funds and that it is a profitable business which should not blind us to the growth potential that still exists.

Aren't those the words that you used to Mr. Dowd in your letter?

A Yes.

Q That he should not be blinded to the growth potential?

A Yes.

Q Weren't you encouraging David Dowd to go out and expand the activities of the bank -- to go out and get these municipal deposits?

A Rather I was encouraging the profitable expansion --

Q Let us go on and see what else you said:

With combined budgets of several million dollars, there is much municipal business still to be obtained.

Did you write that in your report, sir?

A Yes.

Q And up until now we have heard testimony of millions of dollars of deposits and are you not suggesting to

David Dowd that it is now possible to get billions of dollars of municipal deposits?

A No, I wasn't suggesting that. That would have been unrealistic.

Q I am sorry, you told him that billions of dollars were -- with combined debts of several billion dollars, there is much municipal business still to be obtained; isn't that what you said to him? Read it from the statement, sir.

A Yes.

Q Is that what you said?

A I said it, but that doesn't mean that there are billions available.

THE COURT: Just answer the question.

THE WITNESS: Yes, as you read it, that is what I said.

Q Now, this memorandum to David Dowd is dated July 26, 1972; is that not correct?

A Yes.

Q Now, there came a time, as I recall, shortly after that when your relationship with the Security National Bank was terminated; am I correct?

A Well, from July to March 1973.

Q I stand corrected. In March of 1973, under the

circumstances that were elicited from you by Mr. Naftalis, your relationship with the bank was terminated; am I correct?

A Yes.

Q At the time, how much was your salary that was paid to you by the Security National Bank?

A $35,000.

Q At that time you didn't have a job, did you?

A At what time?

Q The time that your relationship with the bank was terminated.

A That's not true. Before I submitted my resignation, I had met with Mr. Dowd and the administrative committee of the Board of Directors of Nassau Trust, and had been offered and accepted the post at Nassau Trust.

Q Didn't you come to Mr. Dowd at that time and tell David Dowd that you knew you were going to be fired by the bank, that you had a wife and four children, that you couldn't make a living out of the income that you received as a Town Councilman, and would he please make a job available for you at the Nassau Trust Company; isn't that what happened?

A No.

Q Didn't David Dowd not sit down with you --

MR. KATZBERG: Objection, he got his answer and now --

Q Did David Dowd sit down with you and tell you if you wanted a job with the Nassau Trust Company, you'd have to come in at a reduced salary?

A Mr. Dowd told me that Nassau Trust --

Q Please answer my question:

Did he tell you that you'd have to come in at a reduced salary?

THE WITNESS: Your Honor, I find it difficult to answer.

MR. COHN: I will withdraw the question.

THE COURT: Yes.

Q At what salary were you hired by the Nassau Trust Company after you left the Security National Bank?

A With the understanding that I could --

Q What was your salary?

A $28,000.

(Continued next page.)

Q And before you went to the Security National Bank you were getting $35,000; is that correct, sir?

A Before I went to Security?

Q I am sorry. I withdraw the question.

Before you went to the Nassau Trust Company, your salary with Security National Bank was $35,000?

A Yes.

Q As a matter of simple mathematics, sir, when you went to the Nassau Trust Company, you were paid $7,000 less than you were receiving from Security National Bank; is that correct?

A Yes.

Q And did you over obtain a salary increase while you were working in the Nassau Trust Company?

A During the period of a little over a year there, no.

Q As a matter of fact, Dave Dowd called you in and told you that you weren't working out, your services were not helping the bank, and it was necessary for him to advise you that the Board had cut your salary to $21,000; isn't that correct, sir?

A Not in quite that context.

Q All right. Then I will withdraw that and I will ask you this: Did there come a time after you went to work

for the Nassau Trust Company that your salary was cut to $21,000?

A Yes. Mr. Dowd gave me permission to practice law.

Q Did -- now -- and shortly after that, you were fired by the Nassau Trust Company; isn't that right?

A That's not true.

Q Weren't you asked to leave the Nassau Trust Company?

A I tendered my resignation which was accepted by the Board of Directors.

Q You tendered your resignation at a Board of Directors meeting where your resignation was demanded and they gave you that right to save your face; isn't that right?

A No.

Q Is it your testimony -- and I remind you that you are under oath -- that the Board of Directors of the Nassau Trust Company did not demand your resignation as an officer of that bank?

A That's my testimony.

Q Before you went to work in the Nassau Trust Company, did you prepare a synopsis or a resume of your past activities?

MR. COHN: Your Honor, may I have this document

marked for identification?

THE CLERK: Two-page document marked for identification as Defendant's Exhibit CC.

Q When you applied for a job at the Nassau Trust Company, did you advise them that you had been employed by the Security National Bank and that you were now concentrating on the development of public funds deposits as well as correspondent banking?

A I think so.

Q All right. Will you look at that, sir, and tell me if that is not what you told the Nassau Trust Company, that that was what you were concentrating on while you were at the Security National Bank?

A That's true.

Q May I have it, sir?

Now, there came a -- with regard to the Nassau Trust Company, at the time that your services were terminated, did Dave Dowd tell you that he was asking you to submit your resignation on behalf of the Board of Directors or the Board of Trustees of the bank?

A No.

Q Now, I want to take you back, sir, to the ti[illegible] of October 1973. And you will recall that Mr. Naftalis in his cross-examination of you developed that this was the date

that you and Mr. Katzberg discussed at the time that you were questioned with regard to a telephone conversation that you allegedly overheard while you were in Dave Dowd's office.

Let me direct your attention to that time. In October, 1973, which is when you and he were in Dave Dowd's office, was anything going on of concern to you --

MR. KATZBERG: Excuse me. Counsel has testified that it was October of 1973. The witness has testified it was late '73 or early '74. Counsel is using his own characterization --

THE COURT: Yes. But he can answer the question. If he doesn't agree with him, he can say so.

MR. COHN: I will withdraw the question.

Q Do you recall Mr. Naftalis reading to you a question from your grand jury testimony?

A Yes.

Q In which Mr. Katzberg said to you that the tenth month of 1973 -- do you recall that, sir?

A The tenth month of '73?

Q It was read to you an hour ago, sir. Do you remember that?

A I remember my response being --

Q No, don't tell me your response. Do you remember Mr. Naftalis reading to you a question put to you in

your grand jury testimony fixing the date as the tenth month of 1973?

MR. PATTISON: Objection.

MR. KATZBERG: Your Honor, with all due respect, counsel is attempting to pinpoint something that the witness has said occurred probably around a certain period of time.

MR. PATTISON: Read back the entire series.

MR. BANNIGAN: Your Honor, I think if there is going to be argument, it should be at the side bar.

MR. COHN: I can clear it up.

Q Do you remember about an hour ago Mr. Naftalis read to you the following question and your following answer: Reading from page 76.

"Question:" -- this is Mr. Naftalis. This is the grand jury -- grand jury on page 76.

"Question: So we are talking about the latter part of 1973, toward the end of 1973, the tenth month approximately or somewhere in there, the fall-winter of 1973; is that fair to say?"

And your answer is, "Yes."

Do you remember being asked that question by Mr. Katzberg and making that answer?

THE COURT: By Mr. --

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MR. COHN: No, by Mr. Katzberg in the grand jury. I am sorry.

THE COURT: I thought you called him Mr. Katzberg.

MR. COHN: No.

Q Do you remember that question?

MR. COHN: I will strike it all out.

Let me start out all over again.

THE COURT: I didn't mean to interrupt, but it sounded that way up here.

Q Do you remember Mr. Katzberg putting that question to you in the grand jury?

A Yes.

Q And you were under oath at that time; is that correct, sir?

A Yes.

Q And when you said, "Yes," was that a truthful answer, sir?

A Yes.

Q All right. Now, so -- so let me take you to October of 197 . Let me ask you this, sir: Was there anything going on at that time that was of some concern to you in October, '73 -- in October of 1973?

A I was a candidate for office.

Q You were a candidate for office?

A Yes.

Q What office were you a candidate for, sir?

A For the county legislature in Suffolk County.

Q When I asked you earlier what office you ran for, I don't recall your disclosing that to us. Is this something you forgot about?

A I thought you were addressing that question to political office at the time.

Q And a candidate for the county legislature is not a candidate for a political office; is that what you are telling us?

A Technically, that's right. It's a candidate for public office.

Q And you differentiate between a political office and a public office?

A The law does.

Q The law does? Well, I won't comment on that. I will proceed with my next question.

Now, what, if anything, was happening in Suffolk County in October of 1973 that was of concern to you as a politician running for office after the county legislature in Suffolk County?

A Aside from my being a candidate for office.

Q Did it come to your attention, sir, that on October 22nd Newsday, the newspaper that quoted you with regard to your participation in this matter, ran a two-page article -- three-page article on a matter that concerned the Security National Bank?

MR. COHN: May I have this marked for identification, your Honor?

THE CLERK: Three-page document marked for identification as Defendant's Exhibit DD.

Q Will you look at that paper? Since it is not in evidence, I would request that you don't show it to the jury until the --

MR. KATZBERG: I have no objection if you want to offer it in evidence.

MR. COHN: I appreciate your help, but --

MR. BANNIGAN: Oh, come on.

MR. COHN: Mr. Bannigan, please.

THE COURT: That's not necessary.

MR. COHN: I am sure Mr. Katzberg is doing what he feels --

THE COURT: I know you don't need any help.

MR. COHN: No.

THE COURT: And I am not going to give you any.

MR. COHN: Yes, sir. Thank you. I appreciate

that.

THE COURT: All right.

Q Just look at this. Look at the date and tell me whether or not there is not a three-page article that appeared in Newsday on October 22, 1973 involving the Security National Bank, the bank in which you had formally been employed?

May I help you find the date, sir, to save time?

A Yes.

Q Will you look at the date here, sir?

A Yes.

Q Am I correct, sir?

A Right.

Q And do you recognize the contents and substance of that particular article?

A I remember reading the article at the time.

Q All right. May I take this from you, sir?

And at that time you were running for county legislature; is that correct, sir?

A Yes.

Q And now something appears in Newsday involving the Security National Bank; is that correct?

A Yes.

Q This article had absolutely nothing to do with

the matters that were involved in this trial; isn't that a fact, sir?

A Well, I have to re-read it.

Q Then you'd better re-read that and let's make sure that we understand each other. Will you re-read it and will you tell me, sir, whether that is not a fact, that this article had nothing to do with the matters that were involved in this indictment?

MR. BANNIGAN: While the witness is reading, may we approach the side bar on another matter? I think he said it's three pages. I think he will be there a while.

THE COURT: All right.

(The following took place at the side bar.)

MR. BANNIGAN: Your Honor, during the luncheon recess -- and I am not exactly sure of this -- I don't want to say distinctly, but Mr. Katzberg will correct me if I am wrong.

During the luncheon recess I asked Mr. Katzberg if -- and while Mr. Naftalis was sitting there -- whether he had any conversation with the witness during the luncheon period. And Mr. Katzberg stated that he had -- that he had just mentioned very -- a very brief conversation in whichhe said that he had

just told the witness some of the areas that he might go into on redirect. I think that was the substance of it.

The witness has denied that. And I think that it was incumbent upon the Government at the time of that denial to get up and make a contrary --

MR. KATZBERG: No, there is no distinction here. My statement to counsel was that we generally discuss matters that may be the subject of redirect. I didn't tell this witness I am going to ask you this on redirect. That's why he didn't link it to that in his mind.

MR. PATTISON: Moreover, the question was, did you talk about the evidence, the material that you would give. And that was not discussed in that form at all.

MR. KATZBERG: And I labeled it redirect, and certainly not for --

MR. PATTISON: We intend to clarify that on redirect, that this area was brought up.

THE COURT: Are you going to clarify it?

MR. BANNIGAN: All right. As long as it's clarified. That's all I want.

THE COURT: All right. Otherwise, I think a

statement should be made about speaking to him. You will clarify it on redirect.

MR. KATZBERG: Yes.

MR. BANNIGAN: And I noticed -- and I'm sure it's just somewhat of an excess of caution on Mr. Katzberg's part, but we will offer exhibits when we want to.

THE COURT: That's right. I agree.

MR. BANNIGAN: We don't need any coaching.

THE COURT: What I said about you goes for him. He knows it. It's a two-way street.

All right.

(End of side bar.)

THE COURT: All right, you may proceed.

Q Mr. Casey, the newspaper article, Newsday, October 22, 1973, dealt with a loan by the bank to a gentleman by the name of Tobler; isn't that correct?

A In part, yes .

Q Yes. And this was something that came out just before your November 1973 election date; isn't that correct?

I will withdraw the question.

The newspaper appeared on September 22, 1973. And you were running for office --

A Excuse me. That's wrong. The newspaper is dated --

Q I'm sorry. I will withdraw the question. You are quite correct.

October 21, 1975, and the election was going to be the first Tuesday in November of 1975; isn't that correct?

A Yes.

Q Approximately two weeks before the election, isn't that correct?

A Yes.

Q And were you apprehensive at that time as a candidate for public office and being identified with the Security National Bank that somehow there might be something in that matter which could be used by your political opponents to hurt you in that election that was going on at that time in October of 1975?

A No, I was not.

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Q All right. Didn't you go into Dave Dowd's office in October of 1973 and ask him to call Pat Clifford on your behalf to find out whether there was anything involved in the Tobler loan that your political opponents would be able to use against you? Isn't that the reason why you were in Dave Dowd's office in October of 1973?

THE COURT: That's a double question.

MR. COHN: I will withdraw it.

Q Answer the first part. Didn't you come to Dave Dowd's office and ask him to make a phone call for you to Pat Clifford?

A I have no recollection of that.

Q Wasn't that the reason why you were in Dave Dowd's office in October of 1973, because you were worried about your own candidacy for office?

A No.

MR. PATTISON: Objection, your Honor. The prior answer was "No."

THE COURT: No, I will allow him to answer. He said "No."

Is that what you said now, "No?"

A Yes.

Q The answer is "No?"

A The answer is no.

Q Do you recall that Dave Dowd didn't even want

to make the phone call for you? Do you recall that?

MR. KATZBERG: Your Honor, he's bound by the answer. The answer is, "No." And he keeps going on with his own testimony.

MR. COHN: I can ask him as to what happened.

THECOURT: Yes, you can.

Q Do you recall that Dave Dowd refused to make the telephone call on your behalf to Pat Clifford, and he asked you to call Pat Clifford yourself?

A That's not true.

Q Do you recall your telling Dave Dowd, "I won't call Pat Clifford b ecause Pat Clifford has no use for me."

Do you recall saying that to Dave Dowd at that time?

A No.

Q All right. And do you recall that Dave Dowd merely called Pat Clifford to find out whether or not anything in the Tobler transaction could fall off on you? Do you remember that conversation?

A No.

Q And isn't it a fact, sir, that that's the only reason why Dave Dowd --

MR. PATTISON: Your Honor, I object.

MR. KATZBERG: Counsel is testifying. And

the answer is "No" every time.

MR. COHN: The jury is aware of his answers.

THE COURT: He is answering his questions.

Q I want to ask you this, sir. Isn't it a fact that the reason you were in Dave Dowd's office was to ask Dave Dowd to make a call for you, and Dave Dowd did make the phone call for you, and Pat Clifford said, "No, you have nothing to worry about."

THECOURT: That is no longer a question. That becomes a statement.

MR. COHN: Then I will withdraw it.

Q I will ask you this, sir. The telephone conversation that Dave Dowd reported to you is not what you told the jury, but the telephone conversation that Dave Dowd reported to you was Pat Clifford said you had nothing to worry about; isn't that what he told you at that time?

A That's not true. I testified --

Q All right. The answer is "No." Thank you.

Then there -- as a matter of fact, in September of 1973, there had been no publicity or public knowledge that there was any investigation going on at the bank, the SEcurity National Bank, with regard to the matters embraced in this indictment; isn't that correct, sir?

A September now?

Q Yes.

A As far as I know.

Q That's correct. And the first time that you heard about this investigation was in April of 1974 when the FBI visited you at the bank; isn't that correct, sir?

A No, that is not correct.

Q When did the FBI visit you for the first time in the bank?

A The FBI visited me in 1974. But Newsday had interviewed me considerably prior to that. And --

Q With regard to this matter.

A Well, they had asked me about the Tobler loans. I knew nothing at all about Tobler. I still don't know anything about him.

MR. COHN: I ask that the answer be stricken.

THE COURT: Yes, strike it out. That is not responsive to the question.

Q And in April of 1974 the FBI came to the Nassau Trust Company, as I recall your testimony, sir, and they interviewed you concerning this matter; is that correct?

A I think actually it was May. But it's close in '74.

Q I stand corrected. I will accept your answer, Mr. Casey. Thank you.

So now it's in May of 1974. In May of 1974 did you already know you were in trouble in the Nassau Trust Company?

A That I was in trouble?

Q Yes.

A I knew then that I was going to leave, and that we had reached an agreement that I would leave.

Q All right. And at that time you knew that you were -- withdrawn.

You were going to leave to go into your law practice; is that correct, sir?

A Yes.

Q And this was the law practice that you had not previously engaged in, as far as I can recall your testimony; am I correct, sir?

A No. I testified earlier that when my salary was reduced at the Nassau Trust, I was given permission by Mr. Dowd to engage in the practice of law.

Q All right. So when the FBI came to interview you, you were already practicing law; is that correct?

A Well, I had started to on a part-time basis, or I had been given permission to.

Q Whether you were practicing full-time or part-time, in any event, some of your energies during the course

of the day were devoted to the practice of law; is that correct?

A Yes.

Q And is it fair to say that you at that time had the awareness or the prospect that you were then going to engage full-time in the practice of law; isn't that correct?

A Yes.

Q Is it also fair to say that by that time in 1974, after your experience in the Security National Bank and your security inthe National Trust Company, you no longer felt you had a future working for a bank and you were going to practice law; is that a fair statement?

A I don't think it's fair.

Q All right. Then I will withdraw the question and ask you this. Is it fair to say, sir, that in May of 1974, you knew you were goingto practice law on a full-time basis reasonably thereafter?

A Yes.

Q All right. And you knew at the time the FBI came to see you that you were faced with a certain definite economic situation; isn't that correct, sir?

A Yes. I knew that I was going to make this change and what that involved. Yes.

Q And you knew also at that time when the FBI came to you that you no longer were going to have any income working for a bank?

A Yes.

Q In the immediate future; isn't that right? And you would have to make a living out of your practice as a lawyer; is that right?

A Right.

Q And you knew at that time, sir, that you were married in May of 1974? That was in your mind, was it not, sir, when the FBI came to see you and talk to you about all these criminal activities, you know at that time that you were married?

A The fact that I am married and have children is always in my mind.

Q All right. And you have four children, have you not?

A Yes.

Q All right. And in May of 1974, when you were about to make the transition, and the FBI came in to see you and talk to you about these activities and these crimes, did you also realize that you had a mortgage to pay on your house?

A Again, that is part of my continuing

consideration.

Q You did own a house at that time, did you not?

A Yes.

Q Would you say, sir, it's a substantial house in a substantial area of Long Island?

A Yes.

Q And this house is placed on what plot? What size plot would you --

A Two acres.

MR. PATTISON: Your Honor --

MR. COHN: Your Honor, will you please indulge me and let me develop the --

MR. PATTISON: May I object? Is that okay?

THE COURT: He can object. That's right, he can object.

MR. COHN: I apologize for interrupting Mr. Pattison.

THE COURT: All right. Stay away from that business.

Q You were living at that time in a house on a two-acre plot.

THE COURT: I want to make a ruling. I would like to make a ruling.

MR COHN: Forgive me, Judge.

MR. PATTISON: I believe it's far afield.

THE COURT: I don't know where it's leading to and I think --

MR. COHN: Will you take an offer of proof?

THE COURT: Yes, before you ask him any other questions.

MR. COHN: Yes.

(The following took place at the side bar.)

MR. COHN: Your Honor, I propose to show through this line of questioning --

THECOURT: Why don't we give them a recess now.

(End of side bar.)

THE CORUT: Take your recess at this point. Please take your recess.

(Whereupon, the jury retired from the court-room.)

(The following took place at the side bar.)

MR. COHN: I propose to show, your Honor, through this cross-examination, that the witness had a motive for lying to the Federal Bureau of Investigation and to the United States Government; that at this time when he became involved in this inquiry he had all of these financial responsibilities.

He knew that his license to practice law was in jeopardy. He knew that if he couldn't practice law, he would lose his house. He would lose his other assets. And that these were things that were in his mind when he was interviewed by the FBI. And that at the time that he subsequently had a conversation --

MR. KATZBERG: Is that a month or --

MR. COHN: Just a moment.

And he subsequently had this conversation with the United States Government that Mr. Katzberg has told us terminated in -- I don't know how to describe it and I don't want to be unfair to Mr. Katzberg. But apparently this man was advised he would not be prosecuted for crimes. And I propose to show to the jury that this affects his credibility.

THE COURT: It doesn't show that.

MR. KATZBERG: On direct examination it was brought out that the so-called deal didn't take place until after his grand jury testimony took place. And that was a good number of months later than what we are talking about. That's the first thing.

THE COURT: It doesn't matter when it took place. As long as it's in his mind that he's going to get away with it or --

MR. PATTISON: It wasn't in his mind in May of '74.

THE COURT: It's a close question.

MR. KATZBERG: It's going so far afield that --

THE COURT: I don't think I have a right to limit it. If it's going to lead to a suggestion of credibility or motive for --

MR. KATZBERG: It is just speculation.

THE COURT: Well, cross-examination --

MR. PATTISON: Cross-examination, of course, into the deal is perfectly proper. But the size of the plot upon which his house is based --

MR. KATZBERG: It's just meant to be prejudicial.

THE COURT: He's trying to show the amount of the mortgage.

MR. COHN: He had a substantial estate. And now all this was on the line.

THE COURT: Just ask how much it's worth. You want to go into all of the embellishments of --

MR. COHN: If he says $20,000, am I bound by it?

THE COURT: That the lot is worth $20,000 or the house?

MR. COHN: If your Honor please --

MR. KATZBERG: Your Honor, the whole --

THE COURT: All right, I think that you have a right to go into that aspect of it, but the size of the plot, I don't think -- just to develop and to show that he has a house, and the same thing can be done by asking what size mortgage --

MR. KATZBERG: Or at least, are you concerned about these things. That's all, period.

MR. COHN: I would like to go into everything that he had on the line.

THE COURT: You can ask him, did you have your house on the line, and things about the children, but I don't think that the plot -- whether it was 90 feet, or did the house have a 14 foot living room or --

MR. COHN: You are right. I agree with you. I don't --

THE COURT: YOu're making a pot of stew.

MR. COHN: All right.

(End of side bar.)

THE COURT: All right, we will take a short recess.)

(Recess taken.)

THOMAS CASEY, called as a witness, having been previously sworn by the Clerk of the Court, resumed the stand and testified further as follows:

(Jury seated.)

THE COURT: All right. You may examine.

CROSS-EXAMINATION

BY MR. COHN (Cont'd):

Q If I can just go back, if you recall, I was asking about certain things you were aware of at the time you first sat down with the Federal Bureau of Investigation and discussed with them the violations we are talking about in this case.

I believe you testified earlier as to the number of times you and Mr. Katzberg spoke prior to the time the indictment came down.

Tell me again what you recall to be those times.

A Prior to the indictment coming down?

Q Yes -- referring now to about September of '75, when the indictment came down --

A We spoke, I know a few months after --

Q If I can interrupt you, sir, I asked if you recall. If not, tell me.

How many times did you speak to Mr. Katzberg between the first time in May of 1975 -- May of '74, when you were interviewed by the FBI, and May of '75 when the indictment came down?

A I think twice.

Q Only twice?

A Yes. I am reconstructing now. I know I spoke to him a total of five or six times and I think four of those were since that time.

Q And you told us about -- and you spoke to the FBI agents in May of '74 and you did have in mind, did you not, you did own this house and it had a mortgage; is that correct?

Was there a mortgage encumbering your house when you were speaking to the FBI agents?

A Yes.

Q How much?

A May of '74, I estimate it to be about forty-four, $43,000.

Q And the mortgage payments and your obligation under that mortgage was also on your mind at the time you spoke to the FBI?

A As it always is.

Q As it always is.

And you also had in mind the fact that you had other assets and other properties and other enjoyments you possessed that you acquired and accumulated over the years?

A Yes.

Q You had cars?

A A car.

Q What kind, sir?

A 1970 Ford station wagon.

Q Any other cars?

A None that I own.

Q A boat, sir?

A No.

Q Is there a swimming pool on your land, sir?

A Yes.

Q This is a built-in swimming pool, not a portable thing?

A It's built in, yes.

Q Were you also aware, sir, when you spoke to the FBI and Mr. Katzberg, prior to this indictment, that the Government was investigating your participation in violations of Sections 610 and 656 of the United States Code?

Were you aware of that, sir?

A Well, the FBI, when they initially interviewed me, told me I was not the target of any investigation.

Q And when they spoke to you at that time, were you concerned about the fact that if you were being fully investigated by the FBI, your involvement and participation as you have described to the Jury would be disclosed to the FBI?

A No, I was not.

Q You were not concerned about that?

A No. I told them --

Q You were not concerned about that?

A That's right, yes.

Q Did there come a time when you were advised that you were named in this indictment by the Government as an unindicted co-conspirator in the crimes, together with these defendants?

A Yes.

Q And when did that -- withdrawn.

And was this something that you discussed with Mr. Katzberg?

A Yes. Mr. Katzberg --

Q Just yes or no, sir, if you would, please.

Is this something that you discussed with

Mr. Katzberg?

A Yes. Mr. Katzberg informed me about this.

Q And did you also know, sir -- withdrawn.

Were you involved in any political activity in September of 1975, the month in which this indictment came down?

A As previously testified to, I was involved in a primary campaign.

Q And a primary campaign for the democratic nomination for the position of councilman for the Town of Huntington.

Have I accurately described it, sir?

A Yes.

Q Were you concerned at that time, sir, that if any information were leaked to the press, that you were or were going to be an unindicted co-conspirator and if that was disclosed to the voters at the polls, that this would affect your probability of winning the primary?

A I never considered it.

Q Did you consider the fact, sir, that the Government did not disclose to the press this September of 1975 that you were an unindicted co-conspirator?

Did you know that, sir?

MR. KATZBERG: I must rise. This man is not named in the indictment as an unindicted co-conspirator.

MR. COHN: That's the point I am trying to make.

Thank you very much, Mr. Katzberg.

BY MR. COHN:

Q Mr. Katzberg has told us you were not named in this indictment in 1975 as an unindicted co-conspirator; is that right, sir?

A Yes.

Q And did it come to your attention that after the primary and after the election of 1975, when you managed to get yourself elected as a town councilman, the Government told the people that you were named as an unindicted co-spirator?

MR. KATZBERG: I must object.

THE COURT: You are asking if he knew it or not or whether he was told of it?

THE WITNESS: Would you repeat the question?

MR. COHN: Would Mr. Katzberg concede for the record that sometime after September 5, 1975, Mr. Katzberg notified the lawyers for these three defendants that Mr. Casey is now an unindicted co-conspirator and that that information was not to be released by the Government prior to September, 1975?

Would you make that concession, Mr. Katzberg?

MR. KATZBERG: In response to your request, the Government indicated who else, other than those named in the indictment, were unindicted co-conspirators, and in response to your request, you received that information; is that correct?

BY MR. COHN:

Q Did you ever discuss with Mr. Katzberg that there would be a cover-up of the fact that you were going to be named as an unindicted co-conspirator so you could get yourself elected in the Town of Huntington?

Was that ever discussed?

A Never.

Q Is it not a fact, sir, that because you were not named in this indictment, you were able to tell Newsday -- just in the middle of your primary and after this indictment that came out that received publicity -- you were able to tell Newsday that since you have not been named or since there is no cloud, it must be apparent you have done nothing wrong?

Do you recall saying something similar to that to Newsday?

A I recall a statement with words to that effect.

Q So in the midst of your primary -- because you were not named at that time as a co-conspirator -- this was a statement you were able to make to the voters to induce them to vote for you to win the primary and then vote for you as councilman in November of 1975?

A My statement wasn't made as an inducement to obtain votes but in response to a question by a reporter on the telephone.

Q Mr. Casey, you are a politician and you are telling this Jury when you made statements to the press in the height of a primary campaign, you are not making statements to get the voters to vote for you?

A If the reporter didn't call me, I would make no statement --

Q Are you telling this Jury, sir, as a politician, as a candidate for office who has been running since 1967, who has been in all the campaigns you told us about, that when you make a statement for the press in the height of a primary campaign, you are not making that statement to attract votes?

A Do you want an answer?

THE COURT: Yes, he does.

A My statement was a response to a question posed by a reporter.

Q Would you please answer my question, sir?

THE COURT: He's not answering the question. Did you have in mind, when you made the statement that it would get some votes for you?

THE WITNESS: Your Honor, I didn't have in mind it would get some votes, but I certainly had in mind the public relations impact of it.

THE COURT: With the voter?

THE WITNESS: Yes.

THE COURT: All right.

BY MR. COHEN:

Q Can you tell me this, sir, as a politician for all these years, you have told me about, what do you think your chances would have been to have won that primary if the Government had named you as an unindicted co-conspirator in 1975?

THE COURT: Absolutely bad question. Speculation. Going right down the tunnel of guesswork.

MR. COHN: Though he's a politician, sir?

THE COURT: As anything, even a cobbler in the back streets somewhere.

Q Do you think, sir, you could have been elected if this information had come out?

MR. KATZBERG: Your Honor --

THE COURT: I will sustain objection to that. You can't undo what has already been done. He's elected. You can't speculate he wouldn't have been elected. That's a maxim of law.

BY MR. COHN:

Q Was this one of the things you and Mr. Katzberg were talking about, that in return for your testimony, in return for the manner in which you testified before the Grand Jury and this trial, that Mr. Katzberg would help you win the primary and election, and would withhold from the public the knowledge that you were going to be an unindicted co-conspirator?

MR. PATTISON: Asked and aswered four times.

THE COURT: That's four questions he answered.

MR. BANNIGAN: I have another matter and I'd like to approach the bench. A matter of some concern, I think.

Sorry I have to interrupt you, Mr. Cohn.

(The following occurred at side bar.)

THE COURT: This doesn't involve Mr. Cohn?

MR. BANNIGAN: No.

Your Honor, you have instructed both counsel to make no faces whatsoever.

Mr. Katzberg is smiling as if this was the most absurd thing that ever went on. If he wants to object, fine.

MR. KATZBERG: I wasn't smiling.

MR. BANNIGAN: I was looking right at your face.

THE COURT: You were smiling.

MR. BANNIGAN: Please. I brought this to the attention of Mr. Pattison earlier today in connection with another matter when documents were offered and it was the same problem.

THE COURT: I don't think the smiling in this situation was a smile of contempt. It was the nature of the question. The nature of the questions themselves.

MR. BANNIGAN: I agree with that.

THE COURT: The questions evoked smiles from the people in the audience, too.

MR. KATZBERG: If I did so, I apologize to the Court.

THE COURT: Try to keep a semblance of decorum. You are the attorney.

(The following occurred in open Court.)

BY MR. COHN:

Q Mr. Casey, do you know today that the United States Government charges you with being an unindicted co-conspirator who has allegedly conspired with these three defendants to violate Sections 610 and 656 of the United States Code; is that correct, sir?

A I am afraid I can't answer that. I was informed by Mr. Katzberg that in the discovery proceeding --

Q My question is: Do you know that today, sir?

A There is so much of that I can't answer to. He never mentioned 610 --

Q Mr. Casey --

THE COURT: He's asking, can you answer it?

Q You don't know that? You're a lawyer. Don't you know what you have been charged with as an unindicted co-conspirator in this case?

A May I tell you what I was told?

Q No.

Do you know what you are being charged with, sir?

A No, I don't.

Q If you represented a client charged with being an unindicted co-conspirator, wouldn't you run down to the Government and find out what they're charged with?

A Yes, I would.

Q And as a lawyer you never inquired personally on your own -- found out what you are being charged with?

MR. KATZBERG: Your Honor --

THE COURT: I have come to the conclusion that you are both talking about different things.

Do you know that you were being charged under these Sections, though not charged for it in the indictment?

THE WITNESS: I don't know. I know I was named.

BY MR. COHN:

Q Do you know that you are named by the Federal Government though, as an unindicted co-conspirator; that you allegedly conspired to commit violations of Sections 610 and 656?

A I didn't know the sections. I knew I was named.

Q And as you sit there today on the witness stand,are you familiar with Sections 610 and 656 of the United States Code?

A I have never look at them.

Q Never looked at them from all of the time until today?

A That's right.

Q In talking to Mr. Katzberg, did he disclose to you that the laws which the Government claims were violated by these defendants and which were violated by the unindicted co-conspirators carry heavy and serious penalties?

MR. PATTISON: Objection.

MR. KATZBERG: Objection.

THE COURT: Sustained.

The penalties are not for the Jury at all.

Q Are violations of Federal law?

A Would you repeat the question, please?

Q Did you discuss with Mr. Katzberg on any of the times that you metwith him that the charges involved in this indictment contained violations of Federal statute?

A Yes.

Q But you never bothered yourself to become familiar with the statutes?

A That's right.

Q And you are a practicing lawyer?

A Yes.

Q Member of a law firm in Huntington?

A Yes.

Q And I believe you responded to a question

put to you by Mr. [illegible]alis that even though you are a politician and that you are involved with all of these elections, you never familiarized yourself with these statutes -- and I assume up to today -- to find out how far you, as a politician, could go to get political contributions.

Is that true, sir?

A That's true.

Q I want to take you back to something that has been developed on your cross-examination. There is no question that there came a time that you were being proposed for the office of the superintendent of banking for the State of New York; is that correct?

A I can't say that I was ever actually proposed for it.

Q Was anything ever sent on your behalf to Governor Carey in support of that proposal?

A Yes.

Q What was sent to Governor Carey?

A I know David Dowd sent a letter recommending me for that post.

Q Did you ask for that letter of recommendation?

A He asked how he could help --

Q Did you come to his office and ask him for that letter of recommendation?

A No, I didn't go to his office.

Q Did you go anywhere and ask for that letter of recommendation?

A I think on the telephone.

Q You called him?

A I don't remember.

Q Did you ask anybody else beside David Dowd to give you a letter of recommendation?

A Yes.

Q Other people in the community?

A I am really -- I am not sure now. I said: Yes; but I am not sure that I asked anyone else to write a letter but I asked others to support --

Q How long ago did this happen, sir?

A Last year.

Q January and February of 1975?

A Later. From -- from January on -- I guess January, February and later.

Q A little over a year ago?

A Right.

Q You can't remember much about it?

A I didn't say I can't remember much about it.

I can't remember specifically asking others to write a letter of recommendation.

I remember asking people if I can use their names as a reference.

Q Who else did you speak to?

A John McGillicuty, Manufacturers Hanover Trust.

Q Is he a man you respect in the community, a man of honor and integrity at this time?

A Yes.

Q Is that why you asked him for a letter?

A Not a letter. I aksed to use his name.

Q You wouldn't use his name if you thought there was anything disreputable about him?

A Of course not.

Q You wouldn't submit to Governor Carey the name of somebody who was disreputable?

A Of course not.

Q Who else did you speak to?

A Some local bankers.

Q You asked to use their names?

A Yes.

Q Did you ask for letters of recommendation?

A I don't think so.

Q These local bankers, were they people of impeachable integrity?

A To the best of my knowledge.

Q You went out and tried to select the people with the best character and reputation so these names could be forwarded to the Governor in support of this venture for you to obtain the job of superintendent of banking; is that correct?

A Yes.

Q You didn't go to some bum on the street and use his name to forward to the Governor?

A That's right.

Q You went to the best, most honest and reliable people for such a recommendation?

A Yes.

Q One of them was David Dowd; isn't that right?

A David Dowd was one of the people --

Q In '75 you went to Dave Dowd and asked him for a letter of recommendation to Governor Carey?

A I don't think I went to him --

Q It was on the telephone -- don't fence with me --

MR. PATTISON: Objection.

THE COURT: Yes.

MR. COHN: I will withdraw it.

Q There was a communication?

A Yes.

Q Dave Dowd gave you a letter of recommendation?

A Yes.

Q Because he was a friend of yours?

A I have hoped because he felt I was qualified.

Q He also did it because he thought he was a friend of yours?

A Yes.

Q And you were a friend of his?

A Yes.

Q When David Dowd sent this letter of recommendation to Governor Carey, did you communicate to Governor Carey that you had overheard a conversation between David Dowd and Pat Clifford regarding records?

A No.

Q You knew that?

A Yes.

Q Did you ever tell it to the FBI?

A No.

Q Did you ever tell Governor Carey with regard to the letter of recommendation that David Dowd sent for you, that you believe that David Dowd committed crimes?

A No.

Q How long has it been, sir, that you have had in mind that perhaps you would like to be the superintendent of banking?

A I no longer have it in mind.

Q I didn't ask you that, sir.

When for the first time did that thought occur to you?

A After the election of Governor Carey in November of '74.

Q Was it a result of your activity on behalf of Governor Carey in supporting his candidacy that that occurred to you?

A In part, yes.

Q Did you ever have in mind, sir, that perhaps you would like to be the comptroller of currency of the United States of America?

A No.

Q That thought never entered your mind, did it?

A No.

Q You certainly didn't have in your mind, in November of 1970, the aspiration that you become the comptroller of currency for the United States of America or the

superintendent of banking for the State of New York -- that never entered into your mind?

A November of '70?

Q Yes.

A I don't think I was thinking of either of those posts in November of 1970.

MR. COHN: May I have this marked for identification, your Honor.

THE CLERK: Two-page document marked for identification as Defendants' Exhibit EE.

(So marked.)

Q Mr. Casey, Mr. Katzberg has delivered to me the personnel files of Security National Bank, and I show you this paper dated November 19, 1970, and I ask you to look at this particular paragraph and familiarize yourself with it.

(Document handed to witness.)

A Yes.

Q And is it not a fact, sir, that in an official form of the Security National Bank, dated November 19, 1970, when you were aksed if you had your choice of any job or any kind of work, what would you most like to try to do, you answered you would like a senior governmental banking related position, member of the Federal Reserve Board,

comptroller of currency?

A Yes.

Q And member of the Federal Reserve Board related to the whole United States of America; isn't that right?

A That's what that board was related to.

Q And the comptroller of currency governs banking and national banks throughout the entire United States?

A Yes.

Q Let me ask you this, Mr. Casey:

Mr. Katzberg did discuss with you, as you disclosed to Mr. Naftalis, that it was the present intention of the United States not to prosecute you; isn't that correct?

A Yes.

Q As a matter of fact, you know the government has no intention of prosecuting you; isn't that a fact?

A I would hope not.

Q And as a result of that, you stand today as a lawyer and you can practice law in the State of New York; isn't that right?

A Well, if they did prosecute me, it wouldn't mean --

Q If they prosecuted you, sir, and you were convicted of the crime, you would lose your right to practice law in the State of New York?

MR. KATZBERG: Objection. That's not correct.

THE COURT: I am not certain of that.

Q If convicted of the crimes charged in this indictment -- you are a lawyer -- you would lose your right to practice law in the State of New York?

MR. KATZBERG: That's a legal conclusion.

THE COURT: I don't believe the witness is qualified to answer, and I don't think the Court could charge on it. It is speculative. I don't know.

Q You have not lost your right to practice law?

THE COURT: You may ask him that.

A No.

Q And you have not lost your position as councilman in the Town of Huntington, have you, sir?

A No.

Q And you haven't lost your house, have you, sir?

A No.

Q Now your swimming pool, car or other assets

you told us about, sir?

A That's right.

Q Mr. Casey, you survived; isn't that right, sir?

A Yes.

Q And for you to survive, you sold to the Government the bodies of these three defendants so you can survive; isn't that what happened in this case?

MR. KATZBERG: Objection.

THE COURT: Form is bad.

Q Didn't you make a deal with the Government to offer testimony such as you have given here in exchange for the right to survive?

A Absolutely untrue.

Q You, you survived?

A So have the defendants.

Q That's the politician's creed -- survive --

MR. PATTISON: Objection.

THE COURT: Sustained.

Q Do you know that David Dowd has not survived, sir?

MR. PATTISON: Objection.

MR. KATZBERG: Objection.

THE COURT: Sustained -- since they are

presumed innocent of anything.

BY MR. COHN:

Q Do you know David Dowd, as a result of the publicity --

MR. KATZBERG: Objection.

THE COURT: Absolutely objectionable.

MR. COHN: Exception.

THE COURT: I very rarely presumed what the question will be but this time I became a little intelligent and presumed what the question would be.

All right.

MR. COHN: Would you bear with me for just a moment, your Honor?

THE COURT: Sure.

(Pause.)

MR. COHN: If your Honor please, I have no other questions.

MR. RYAN: Your Honor, I'd like to proceed.

THE COURT: Oh, yes.

CROSS-EXAMINATION

BY MR. RYAN:

Q Did I understand you to say Mr. Casey that you have never looked at Section 610, the statute involved in

this case?

A You understand correctly.

Q You have never looked at the provisions of 610 to find out what may constitute a federal crime in violation of that section?

A That's right.

Q And yet, you testified here yesterday before this Court and Court that you participated in a federal scheme to violate that section with these defendants; is that right, sir?

A Well, I am not sure if "federal scheme" characterizes --

Q That you participated in an election fraud scheme with these defendants in making contributions.

MR. PATTISON: Objection. That is a characterization.

THE COURT: You may answer.

Q Let me see if I can use your phraseology.

Did you tell this Jury yesterday that everything you did when you were the contact man, picking up checks from members of the bank and delivering them to political organizations, was the commission of a federal crime by you?

A Yes, I knew that was a violation of law.

Q And you never looked at Section 656?

A At the time I didn't even know of the existence of the section and since then I have not looked at it.

Q Mr. Casey, you are presuming, are you not, that you violated the law when you were working at the Security National Bank, getting monies from the bank officers and delivering them to the various organizations?

MR. KATZBERG: Objection to the word "presuming."

MR. RYAN: I asked the witness.

Q Didn't you presume that, sir?

A Deducing it.

Q That's your deduction, without looking at the statute and the law?

A Yes, yes.

Q Did any attorney in the government say that you violated this statute and committed a crime when you were doing these things?

A I think that in the course of discussions with the U. S. attorney's office they indicated that this course of action was a violation of the Federal statutes.

fls. (Continued on next page.)

BY MR. RYAN:

Q In other words, the lawyers for the Government said that what you did was a federal crime; isn't that right?

A Yes.

Q And that's the only basis for you telling this jury that what you did was a federal crime, when you were working at the Security National Bank; is that right?

A No.

MR. RYAN: That's enough. Still haven't looked at the statute, correct?

THE WITNESS: That's right.

Q Did I understand you to say in response to a question on cross-examination that before the FBI interviewed you in April of 1974, concerning your involvement in political contribution program, you had already discussed this matter with a reporter from Newsday?

A Not the political contribution system.

Q Did I understand you to say on cross-examination before this jury, that you were aware of this investigation before the FBI ever contacted you?

A By this investigation, I was aware --

Q The investigation and allegations in this case --

MR. PATTISON: By whom?

Q -- did I understand you to say, and let me try

to make this clear, that when the FBI came to ask you about your participation in the political contributions of the Security National Bank, you already knew about the investigation?

A No.

MR. PATTISON: By whom, your Honor?

MR. RYAN: By the Federal Bureau of Investigation, United States Attorney's office, the Attorney General of the United States or any federal agency?

MR. PATTISON: Or the newspaper?

MR. RYAN: May the witness, please?

THE COURT: He says he can answer it.

A I knew of the investigation by Newsday. I knew of no federal investigation.

Q I see.

Let me stop you right there:

Did you know that Newsday was conducting an investigation of the violations of the Federal Corrupt Practices Act, as Section 656?

A No.

Q They interviewed you about these events that you testified to here today, did they not?

A They interviewed me about Security National's

total political involvement.

Q That included the political fund that was maintained at the Security National Bank during the years that you were there?

A I don't think that was accurate, I do not think that was discussed.

Q What reporters talked to you at this interview prior to the time the FBI did?

A Drew Fedderson (phonetic) and John Cummings.

Q Isn't it a fact that as a result of your interview they came out with an article on May 1, 1974 about the political contribution program at the Security National Bank?

A I can't say that was the result of my interview.

Q Isn't it a fact, sir, that you are the only one that went to Newsday and informed Newsday that there were some political contribution program that was wrong?

A No, I didn't.

Q Isn't it a fact, sir, that the Newsday reporters interviewed you about it and you informed them that there was a political contribution program at Security National Bank?

A Yes.

Q That after that interview there was an article about it, about May 1, 1974? Do you recall that?

A The article appeared considerably subsequent to my being interviewed by Newsday.

Q Didn't that article say that this political contribution program was confirmed by a former Security National Bank officer? Do you recall that?

A I don't remember the article.

MR. RYAN: Let me see if I can help you.

Mark this, please.

THE CLERK: Two page document marked for identification as Defendant's Exhibit FF.

(So marked.)

Q I show you Exhibit FF and I ask you if that refreshes your recollection as to whether or not you told Newsday that there was political contribution program at the Security National Bank and there was something illegal about it.

A I really can't confirm or deny that I discussed the political contribution system. I know I was interviewed by them. We discussed sSecurity's total involvement in politics, the article does not quote me, it quotes another former vice president at Security.

Q Did you tell the reporters at Newsday, when they

interviewed you, that you were committing a federal crime when you were at the Security National Bank?

A They didn't ask me that and we didn't discuss it.

Q Did you tell the reporters of Newsday that other officials at the Security National Bank had been committing federal crimes during this program while you were there?

A No, I did not.

Q Did you give that information to Newsday, Mr. Casey, to serve your own political advantage?

A Absolutely not. It was just the reverse, any connection with this kind of publicity inured to my detriment and not my advantage.

Q The same is true when the indictment was returned in this case involved in this Court, where you were not named or indicted as a co-conspirator, but rather as an unindicted co-conspirator, and that that would have had a devastating effect on your career if it were revealed that you claimed that there was a criminal scheme at the Security National Bank? That was important to you, right?

A I knew nothing about that at the time of the election, so I couldn't assess the importance of it. I did not know that I was going to be named as an unindicted co-conspirator until Mr. Katzberg told me this year.

Q But it never bothered you and you were never concerned that it might be revealed to the public, at the time that you were running for public office, that you in your opinion were engaged in a criminal scheme at the Security National Bank?

A I was concerned and when the news broke prior to the primary and I had to respond to it, I was quite concerned about the impact of it.

Q And you told the newspapers that you didn't commit any crimes, you relied on bank counsel advice?

A No, what I told the reporters, I was told that we were relying on bank counsel advice.

MR. RYAN: I see.

According to the records in this case, you were interviewed on April 19th, 1974 for the first time by the Federal Bureau of Investigation.

A I will accept that.

Q I know Mr. Cohn said it is May, but it is April 19th, 1974.

Of course, before the FBI interviewed you, you knew they were coming?

A No, I did not. They appeared in my office and it was a complete surprise to me.

Q You knew at the time that they came to your

office, as a complete surprise to you, that the investigation was no surprise to you?

A I knew that Newsday had the matter under investigation. I knew of no federal investigation.

Q And you, of course, were interviewed thoroughly by the Federal Bureau of Investigation on April 19, 1974, were you not?

A It was a relatively brief interview.

Q Did you tell the FBI that in your opinion, when you were at the bank, you were participating in a criminal scheme?

A No.

Q Did you tell the FBI when you were interviewed that Frank Powell told you at one time to keep this criminal scheme quiet and away from the public eye?

A The matter didn't come up. We didn't discuss that.

Q And you didn't volunteer it, did you?

A No.

Q You said nothing about it whatsoever?

A That's right.

Q And it wasn't until January 6, 1976 that you first alleged that Frank Powell told you, Tom Casey, you had better keep this away from the public eye because we will get

in trouble; isn't that right?

A I didn't use those exact words, but it was --

Q But it was on January 9, 1976 of this year that you first revealed that alleged conversation to anyone from the FBI, United States Attorney's office, correct?

A That was in a conversation with Mr. Katzberg, yes.

Q And that would have occurred almost five years after the alleged conversation that you first made that revelation?

A Yes.

Q And at that time the indictment was returned in this Court and you knew that Frank Powell pleaded not guilty; isn't that right?

A Yes.

Q And you knew that Frank Powell demanded that a jury decide the issues of guilt and innocence in this case?

MR. PATTISON: Objection.

THE COURT: I do not think that is a fair question.

Q You knew at the time you were being interviewed that there was a trial that would take place in this case?

A Yes.

Q And at that time you said to Mr. Katzberg, in

response to his questions, that you had this alleged conversation with Frank Powell?

A Mr. Katzberg asked me if I had had conversations with others. I told him that I had not discussed the illegality with Mr. Clifford and I then recited the conversation with Mr. Powell. It had not come up previously.

Q I see.

And you never mentioned that to the grand jury when you testified, the alleged conversation with Frank Powell to keep this thing quiet?

A Mr. Powell didn't ask me or didn't put it in terms of a conspiracy to keep it quiet. He just pointed out the embarassment and awkwardness, particularly to me, and to those involved if this was made public knowledge.

Q But you construed that, didn't you, as Mr. Powell sayind to you, "We have been engaging in federal criminal crimes here and we can't let the bank or public know about it"?

MR. KATZBERG: Objection as to what the witness construed. He reported the conversation.

THE COURT: Yes.

Q Did Frank Powell ever tell you, Tom Casey, in his opinion you had better drop the public office and be a banker only?

A I don't think so.

Q Did he ever tell you that you are in a very awkward position, holding a public office and being a banker?

A Yes.

Q And he told you that for your own good?

A Yes.

Q For your own welfare so Tom Casey couldn't get in trouble, didn't he tell you that?

A Yes.

MR. RYAN: I have no further questions.

THE COURT: Do you have any?

MR. BANNIGAN: No questions.

MR. KATZBERG: Just a few on redirect, your Honor.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q I want to show you Defendant's Exhibit AA, the memo from Mr. Martin about the confidentiality.

Now, do you recall over the luncheon recess I asked you a question as to what the substance of your conversation was with Newsday that led to that memorandum? Do you recall that?

A Yes.

Q Could you tell the ladies and gentlemen of the

jury what the confidential discussion was you had with Newsday that related -- at least the subject matter?

MR. NAFTALIS: I think we ought to have an offer of proof as to this.

MR. KATZBERG: I just want the topic.

MR. NAFTALIS: Might we even have that at the side bar? It may be totally irrelevant. If we could hear it outside the presence of the jury?

THE COURT: Yes.

(Continued next page.)

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(The following took place at the side bar.)

MR. KATZBERG: It was that -- in other words, I don't want to get the jury to get the impression that Mr. Casey was discussing banking private secrets. The topic of the conversation was political connections between the Security National Bank and politicians in the area. That's already been developed on cross-examination. And that was what led to that memorandum.

THE COURT: Is that the only question you are going to ask?

MR. KATZBERG: Yes.

THE COURT: They've got --

MR. NAFTALIS: Your Honor, the thing is this. It's been read to him.

MR. PATTISON: Your Honor --

MR. NAFTALIS: Let me finish. Just a second.

He's not the author of the memorandum. And he's only speculating as to why he thinks the memorandum was read.

MR. KATZBERG: Your Honor, I am --

MR. NAFTALIS: Let me finish.

THE COURT: The memorandum is written by a man by the name of Mr. Martin. Mr. Martin wrote the

memorandum and made statements in there. He indicated on the stand that he had never discussed this with Mr. Martin. And I was only speculating as to why the thing was written. I would think that all you would be getting out of it is only his opinions because there's nothing in that memorandum about Newsday, nor does he know of his own first-hand knowledge as to why Mr. Martin wrote that memorandum.

MR. NAFTALIS: If they had Mr. Martin on the stand, it might be a different kittle of fish. But this man would only be speculating as to his opinions as to why he thinks Mr. Martin wrote this bad memorandum about him.

MR. PATTISON: Your Honor, Mr. Martin told him why. And that is what we want to bring out now.

MR. NAFTALIS: That would be clearly hearsay.

THE COURT: Martin? That is in evidence, that piece of paper.

MR. PATTISON: Yes.

MR. NAFTALIS: That went in without objection.

THE COURT: That's all right.

MR. PATTISON: He may explain --

THE COURT: It's in evidence. They have a

right to explain what is in evidence.

MR. PATTISON: Yes.

THE COURT: It is in evidence.

MR. BANNIGAN: Not as to hearsay. The hearsay objection --

MR. NAFTALIS: They can call Mr. Martin.

THE COURT: Mr. Martin is the author. He can tell them what he said.

MR. PATTISON: He did tell them what the memorandum was.

MR. BANNIGAN: What Martin told them is hearsay. The fact that they could have kept the document out, had they raised the hearsay objection, they would have said that. They elected not to do so. That does not open the door to them to try and get additional hearsay in when we have an objection and they have waived it.

MR. NAFTALIS: The issue is that the thing is over.

MR. PATTISON: Waive the hearsY?

MR. NAFTALIS: The question -- it is offered on the question of bias. This was a memorandum which was shown to this witness by the prosecutors in this case during one of their sessions with him. Since

the memorandum --

THE COURT: Yes, but they didn't put it in evidence. One of the defendants put it in evidence.

MR. NAFTALIS: It comes in on their motive because they showed him the memorandum in which the SEcurity National Bank says some very bad things about this man as to his honor and integrity.

THE COURT: Yes.

MR. NAFTALIS: And, therefore, the fact that he knows about the existence of such a memorandum would give him a motive in which to testify falsely at a hearing. And arguably that would be the theory of admitting --

THE COURT: It was offered prior to that time.

MR. PATTISON: Prior to him saying whether he had ever seen it or when it was read.

THE COURT: Prior to the time.

MR. PATTISON: Then it was read. Then he was asked. So it could not have been offered for that motive.

MR. BANNIGAN: It was identified then, wasn't it?

THE COURT: But he identified the author. He has a right now -- if Mr. Martin wrote something

on the piece of paper other than what he told them, let the jury weigh it.

MR. PATTISON: I think it's relevant.

THE COURT: I do too. I think the jury has a right to weigh it.

(End of side bar.)

THE COURT: All right.

MR. KATZBERG: May I proceed?

THE COURT: Yes.

Q Now, with respect to that exhibit -- withdrawn.

Now, could you tell us -- I asked you prior to the brief side bar, tell us what the subject of the conversation was between yourself and Newsday about the so-called confidential bank matters.

MR. NAFTALIS: I thought the thing was what Mr. Martin had told him.

MR. KATZBERG: That is the very next question. I just wanted to ask him --

MR. PATTISON: Your Honor --

MR. NAFTALIS: I would object to the first question.

THE COURT: He can ask the question about Mr. -- I will sustain the first question.

Q Did there come a time when you spoke with

Mr. Martin with respect to that notation in your file?

A Yes.

Q And what was your relationship with Mr. Martin at that time?

A He had retained me as his attorney to handle the closing on the sale of his home in Huntington.

Q Approximately when was that, sir?

A Approximately September of last year.

Q And what if anything with respect to that notation did Mr. Martin say?

A Well, prior to this time, you had shown me this statement during one of our interviews.

THE COURT: That is not responsive. He asked you a question. Just answer the question, what did he say.

THE WITNESS: I asked Mr. Martin about this statement which was in my personnel file, which is this statement labelled AA, and he told me that this statement was placed in my file on the express orders of Mr. Stefan, the executive vice president and chief operating officer, as a result of my conversations with Newsday.

Q Now, will you tell us what the topic of conversation was, without saying what was said?

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MR. NAFTALIS: Objection, your Honor.

THE COURT: Yes. I think I will sustain the topic.

MR. KATZBERG: All right. Thank you, your Honor.

Q Now, you might recall, Mr. Casey, that during the course of cross-examination you were asked about sections 610 and 656 of the United States Code; is that correct, sir?

A Yes.

Q And you said you weren't specifically familiar with those sections, is that correct, sir?

A Yes.

Q Did you know when you were a vice president of the Security National Bank that it was illegal for the bank to make political contributions?

A I had been advised of this, yes. And I accepted that and knew it.

Q But you did not know what the section said; isn't that correct?

A Yes.

Q Wasn't it also a fact that it was common knowledge at the bank that the --

MR. NAFTALIS: Objection.

THE COURT: Yes, sustained.

Q Did anyone else -- was anyone else aware of that fact, to your knowledge?

MR. NAPTALIS: Objection. That's beyond the scope of the --

THE COURT: Yes.

Q At the bank?

A Yes.

THE COURT: I think he can answer "Yes." That's all.

MR. BANNIGAN: I ask that the answer be stricken.

THECOURT: No, the answer is all right. The rest, he cannot answer.

All right.

Q Now, with respect to -- you might recall that you were asked on cross-examination about what Mr. Dutra told Mr. DeGenaro.

A Yes.

Q With respect to the contributions? Remember being asked about that on cross-examination?

A In reference to -- in reference to my testimony at the grand jury?

Q Yes sir. Do you remember during the cross

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examination of -- part of your grand jury testimony as to what you told -- what Mr. Dutra had told you was read to you? Do you remember that, sir?

A Yes.

Q Page 52, counselor.

Do you also remember being asked with respect to --

MR. COHN: Judge, may I have a side bar?

(The following took place at the side bar.)

MR. COHN: Your Honor, I respectfully ask that Mr. Katzberg first disclose to the Court what he is going to read. Because the questions he asked from that point on were improper. And I would ask that you not permit him to read them to the --

MR. KATZBERG: One question is, "Let's focus on that for a minute. Did Mr. Dutra --"

This is just the beginning of what MR. Naftalis has already read. Mr. Naftalis read from page 53. This is what precedes that. I just want to read this.

"Did Mr. Dutra tell you that he told DeGenaro that the club members were reimbursed?

"Answer: No. No, he did not. He didn't, as I recall, tell me that he discussed it in all its ramifications, the system that was involved."

That's what I want to ask.

MR. BANNIGAN: Will you read up to the -- this is it.

MR. KATZBERG: This question and this answer.

MR. COHN: The answer that is proposed to be read is not responsive to the question that --

MR. BANNIGAN: And I further submit, your Honor, that there is nothingin that answer -- nothing in the question that discloses the conversation between Mr. Dutra and Mr. DeGenaro, and it would be prejudicial to these defendants to have that read.

MR. PATTISON: May I be heard?

THE COURT: I don't understand the --

MR. PATTISON; They read --

MR. KATZBERG: Page 53.

MR. PATTISON: Page 53, which went on to say, is it conceivable that an attorney would have to be an expert, et cetera.

THE COURT: Right.

MR. PATTISON; We only want to bring out that just prior to that --

MR. BANNIGAN: All right, I have no objection to that.

MR. PATTISON: That he told him he didn't.

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THE COURT: All right, I will allow it.

MR. NAFTALIS: As long as it's that one question and answer.

THE COURT: I will allow it.

(End of side bar.)

THECOURT: All right.

Q Do you also recall being asked --

MR. NAFTALIS: May I ask you a question just for a second?

MR. KATZB ERG: Yes.

(Whereupon, Mr. Naftalis and Mr. Katzberg conferred privately.)

Q With respect to your testimony in the grand jury about Mr. Dutra's conversation with Mr. DeGenaro, the lawyer, you also remember being asked this question and giving this answer:

"Question: Let's focus on that for a moment."

This is page 52.

"Did Mr. Dutra tell you that he told DeGenaro that the club members were reimbursed?

"Answer: No. No, he did not. He didn't as I recall, tell me that he discussed it in all its ramifications, the system that was involved."

Do you remember that question and that answer?

A Yes.

Q Now, you recall that during the cross-examination certain documents from your file were -- your personnel file were shown to you? I think it was just one of them. Do you recall that, sir?

A Yes.

Q Now, you told us that on direct examination that MR. Dowd told you about the $5,000 raise in December of 1970; is that correct, sir?

A Yes.

Q And that it was effective in January of 1971?

A Yes.

Q And that $2,000 was for the club; is that correct?

A Yes sir.

Q Do you know something called the officer appraisal form?

MR. KATZBERG: I ask that this be marked separately, your Honor, as the next Government exhibit before I show it to the witness.

THE CLERK: Two-page document marked for identification as Government Exhibit 131.

Q I want to show you Government Exhibit 131 for identification. I want you to tell us whether or not

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you recognize the type of document that it is, sir.

A Yes. It was --

Q What is it?

A It was a form used for the annual revie.. of an officer at the SEcurity National Bank.

Q What was done with that form? Who filled it out?

A It's signed by David Dowd. Most of the form is completing and checking off boxes. There is some writing, and I think that's his handwriting.

Q Now, is this the form that is filled out by the officer's boss when the person is getting a salary increase?

A It's filled out at the year-end regardless of whether they are getting a salary increase.

Q And the bottom says whether or not a recommended increase -- whether an increase is recommended; is that correct, on these forms?

A Well, it says what is approved. I think this takes place after it's presented to the committee.

Q But the superior makes the recommendation, doesn't he, sir?

A Yes.

Q Now, who would see these forms after they

were filled out in evaluating whether an officer should get a raise?

A Depends upon what level they were filled out. For example, I filled them out on certain officers who worked for me. And these were later reviewed by Mr. Dowd and others. Eventually they would wind up with a personnel committee and a committee of the board of directors.

Q So the board of directors would eventually see this; is that correct?

A Or at least a committee of the board.

Q Now, these are business records of the SEcurit National Bank, are they not?

A Yes.

Q To your knowledge they are kept and prepared and maintained inthe regular course of business of the bank?

A Yes.

Q And it is the regular course of business of the bank --

MR. COHN: Your Honor, we concede all of that.

THE COURT: Yes. You don't need to --

MR. KATZBERG: All right. At this time I offer Exhibit 131.

MR. NAFTALIS: I would like to see it first,

your Honor.

MR. KATZBERG: Certainly.

(continued next page)

5pm

MR. BANNIGAN: No objection by the bank.

(Pause.)

MR. COHN: No objection, your Honor.

MR. NAFTALIS: No objection, your Honor.

MR. RYAN: No objection.

THE CLERK: Government Exhbit 131 received in evidence.

(So marked.)

REDIRECT EXAMINATION

BY MR. KATZBERG (Continuing):

Q Exhibit 131 is the officers' salary review form for the raise you got in 1971; is that correct, sir?

A Yes sir.

Q It is signed by Mr. Dowd, your boss?

A Yes sir.

Q Mr. Dowd told you about that $3,000 for merit and $2,000 for the club --

MR. BANNIGAN: I wonder who is testifying.

Q Is this the $5,000 raise you tol us about in your direct testimony?

A Yes, it is.

MR. KATZBERG: I'd like to read to t. jury from this exhibit.

MR. BANNIGAN: I have no objection to the whole document being read.

MR. KATZBERG: The heading is, "Officer's Performance"and there are a number of columns and his work was checked as "Outstanding."

Part B, "Human relations," it says, under "Comments" that he is an excellent spokesman for the bank. Under "Summary Analysis" there is the comment, "Tom is quickly taking hold in his important assignment. His progress has been excellent and he is beginning to make important contributions in the over-all bank." As to the question, "Do you feel he is satisfied in his present position" the "Yes" box is checked and the comment is, "Tom expects to move ahead quickly."

Skipping down to number 5, "Do you recommend consideration of a salary increase on the basis of his performance since last appraisal," and the "Yes" box is checked and the comment says, "If desired."

It is signed by Mr. Dowd.

The back says, "Pleased with his raise and more effective in 1/9/71" and it is signed by Mr. Dowd, 12/29.

MR. COHN: What year?

MR. KATZBERG: Of 1970.

MR. COHN: Thank you, sir.

Q Does this -- this document indicated that the $5,000 recommended --

MR. COHN: Objection. The document speaks for itself.

Q Does the document say anything about the $2,000 or $3,000 being for the club, sir?

MR. BANNIGAN: Objection. We have been through this.

MR. PATTISON: Not with this document.

MR. BANNIGAN: I withdraw my objection.

THE COURT: I will allow it.

A I don't see anything that indicates that.

Q Thank you, sir.

To your knowledge did any of the officers' salary review forms concerning officers who received raises -- these forms which eventually go to the board -- did they contain any information that part or all of the increase was for the contributions club?

MR. NAFTALIS: Objection. Improper redirect. There was nothing in cross-examination about that at all.

THE COURT: That's true.

MR. KATZBERG: The question of the personnel files was brought up in cross-examination and I think

the door was generally opened.

THE COURT: I will allow one question.

A There was an asterisk on some forms to indicate that the individual was part paying in the political contributions system and that part of his salary was for it.

Q Anything in words?

MR. NAFTALIS: Objection. I believe we got an answer.

THE COURT: Yes. He has answered it.

Q When for the first time did you learn that the Government had no present intention to indict you?

A When you told me that which was, I think, this year.

Q And was that before or after your testimony in the grand jury, sir?

A Considerably afterward.

Q Mr. Casey, on cross-examination Mr. Naftalis asked you about whether or not you told certain people in previous years about your participation in this matter. Do you remember that, sir -- the voters?

A Yes.

Q And your knowledge that it was illegal -- do you remember that, sir?

A Yes.

Q And you said you had not, do you remember that, sir?

A Yes.

Q This is an open proceeding, is it not, sir?

A Yes.

Q And isn't it a fact that you are now telling everybody?

A Yes.

MR. NAFTALIS: Your Honor, I object to that.

THE COURT: Yes. It's a catch-all.

MR. NAFTALIS: The objection has been sustained?

THE COURT: Yes.

MR. KATZBERG: Nothing further.

MR. BANNIGAN: s have very few questions. I don't want to keep anybody, including myself.

May I have FF or I believe AA -- the evaluation report that you just had marked?

(Document handed to counsel.)

RECROSS EXAMINATION

BY MR. BANNIGAN:

Q By the way, my name is Bannigan and I represent the bank.

Would you look at Government Exhibit 131 in

evidence and Defense Exhibit Z in evidence.

(Document handed to witness.)

Q Just take a look at those for one -- well, for as long as you like.

(Pause.)

A Yes.

Q Wouldn't it be fair, sir --

MR. BANNIGAN: Withdrawn.

Q The Gvvernment Exhibit I showed you shows your ratings based on your superior's estimated value in 1971 -- what they thought of you.

A Based on my performance in 1970.

Q And DEfense Exhibit Z introduced earlier shows what your employers thought of you in 1973?

A No. This is not an appraisal form. This is a career planning report.

Q I believe, to summarize it, it shows you had no career with the bank in the future?

A It says, perhaps everyone would be happier if we agreed to a termination.

Q Shall I ask the question again or can you answer yes or no? You had no further career at SEcurity National Bank -- would that be fair to say?

A That's not what it says.

MR. BANNIGAN: I'll let the document speak for itself.

Q The first question you were asked this afternoon, Mr. Casey, by Mr. Naftalis related to whether you had any conversations with the Government from the time you concluded your testimony yesterday until the time you concluded your direct examination this morning. Do you recall that?

MR. BANNIGAN: Let me rephrase it.

Q You were asked whether from the time you started your examination yesterday you had spoken with the Government about your testimony here. That's the first question Mr. Maftalis asked you and I believe your answer was, no. You said you had a brief conversation with Mr. Katzberg but not about your testimony; is that correct?

A I think so but you lost me in terms of --

Q The first question Mr. Naftalis asked you when we returned from lunch was whether you had spoken with the Government or representatives of the Government including Mr. Katzberg, Mr. Pattison or any of other members of their staff either during ths lunch hour or at any other time while you were on cross-examination. Is that the proper question? I will get to the answer in a minute.

A I understood it to mean --

Q I will rephrase it.

Was that the question put to you by Mr. Katzberg? Can you answer yes or no, please?

A I am trying to answer the best way I can.

Q Let me rephrase it again.

You were asked, were you not, by Mr. Naftalis whether you had spoken to the Government at any time while under cross-examination about the subject matter of your testimony. That was the question in substance. Your answer in substance was, no. You recall that?

A Yes.

Q The first question Mr. Katzberg asked you on re-direct examination was as to a conversation you had had with him in connection with the document he put in evidence -- isn't that correct -- at the lunch hour?

A Yes.

Q So, your testimony in response to Mr. Naftalis' question was false?

A No, it was confused in terms of -- I thought he was referring in terms of posing specific questions and I spoke with Mr. Katzberg for just a few minutes at lunch-time and he told me he wanted to talk to me about the Newsday inquiry.

MR. BANNIGAN: Thank you, sir.

I have no further questions.

MR. PATTISON: May I just ask one, your Honor?

THE COURT: Surely.

REDIRECT EXMAINATION

BY MR. PATTISON:

Q When did you first testify about your meeting with Mr. Martin discussing with him the reason for Defendant's Exhibit AA?

A When did I first testify about this?

Q Yes -- approximately 15 minutes ago; is that right?

A Yes.

MR. PATTISON: Thank you.

THE COURT: All right. That's all.

You may step down. You are released.

We are going to recess now. You won't come in tomorrow. We will take care of the other business we missed during the week.

Keep an open mind, do not read newspapers about the case, listen to the radio or view any media relative to the case.

Have a good weekend. I will see you MOnday morning.

(Whereupon court was adjourned to March 22, 1976.)

(Jury present.)

THE COURT: Good morning now, and I hope you have had a nice weekend.

We are now ready to start another week of trial. Have any of you read anything about this case, over the Friday, Saturday and Sunday you were away from this Court?

Have you discussed it with anyone since you left this Court.

You have not heard it from the news media or television?

MR. KATZBERG: At this time the Government calls Robert Doud.

R O B E R T S. D O U D, called as a witness, having been first duly sworn by the Clerk of the Court, testified as follows:

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Doud, sir, in a loud clear voice, could you tell the ladies and gentlemen of the Jury by whom you are currently employed?

A I am currently employed as vice-president of the Chemical Bank.

Q For how long have you worked for Chemical?

A January 19, 1975.

Q And prior to that?

A I worked for Security National Bank.

Q When did you start working for Security?

A August of 1969.

Q Your title?

A I was senior vice-president and controller.

Q Did you work there continuously from August, '69 to January, '75?

A I did.

Q Directing your attention to late in the year 1970, approximately December of 1970, who did you report to at that time?

A Mr. Frank B. Powell.

Q Where was your office located physically in late 1970?

A Melville.

Q And Mr. Powell's office?

A Huntington.

Q Did there come a time in approximately December, '70, when someone spoke to you about political contributions?

A Yes.

Q Who was that?

A Mr. Powell came to the Melville office and we went into a vacant office in the building and he dscussed my annual review, and at the time told me I would be receiving a $4,200 increase of which $1,700 would be to make contributions to political organizations, clubs, for various reasons.

At that time I asked him whether this was a legal procedure or not, and I was told that it was.

Q Was anything else said about the contributions club or contributions themselves?

A Well, I was told of the procedure in which to make payment and --

Q What was that, sir?

A I would receive a call from Mr. Arthur Chadwick, periodically, telling me to who I should make my check out.

Q Was anything else said about who else was in the club?

A No.

Q And do you recall any other conversation with respect to the contributions, your participation or how you had been chosen?

A Nothing other than the fact that there were other members of the management of the bank who had been

asked to join this and I was selected to join it.

Q Did you agree to participate at this time?

A Yes.

Q And did you have any real choice in the matter, sir?

MR. BANNIGAN: Objection.

MR. RYAN: Objection.

MR. BANNIGAN: Ask what was said.

MR. KATZBERG: This matter was open before with the other witnesses.

THE COURT: I think the problem is with the word "choice."

Q Was this voluntary on your part?

MR. BANNIGAN: Objection. Calls for a conclusion.

What was said to him?

THE COURT: That's what we have to determine. You can rephrase it to a closer question than that.

Q Mr. Doud, you indicated that you at this time agreed to participate; is that correct?

A Yes.

Q Would you describe the manner and participation and agreement?

A I don't--

MR. RYAN: I object. The witness doesn't understand the question.

THE COURT: Were you given an option to participate or not participate?

THE WITNESS: I don't recall that I was.

BY MR. KATZBERG:

Q Thank you, sir.

Did there come a time when you actually received the $4,200 increase in salary Mr. Powell promised you?

A Yes.

Q I want to show you Exhibit 14 for Identification. Look at it and tell us whether or not you find on there the increase you just told us about.

A Yes.

Q What is the date of the increase?

A 1/4/74.

Q And how much is the increase, sir?

A The increase is $4,200.

Q Did there come a time when you, after receiving this combined increase, began to make these political contributions?

A Yes, probably within the next month or so.

MR. KATZBERG: At this time, your Honor, the

Government would offer Exhibit No. 14 into evidence.

MR. BANNIGAN: I'd like to see it, please.

(Document shown to defense counsel.)

(Pause.)

MR. BANNIGAN: No objection from the bank.

MR. NAFTALIS: No objection from Mr. Clifford.

MR. COHN: No objection, your Honor.

MR. RYAN: No objection.

MR. KATZBERG: May it be so marked?

THE CLERK: Government' Exhibit No. 14 received in evidence.

(So marked.)

BY MR. KATZBERG:

Q Now, Mr. Doud, you told us you began to make these contributions shortly after you got the raise; is that correct, sir?

A That's correct.

Q Look at the contents of Exhibit 132, including 132-A for Identification, and tell us whether or not you recognize the documents contained in that exhibit?

A These are the checks that I drew and made.

Q Did you write ach and every one of those checks contained in that exhibit as per Mr. Chadwick's instructions?

A Yes.

Q How would you transmit those checks to Mr. Chadwick?

A I sent them by interoffice envelope marked "Confidential" to Mr. Chadwick.

MR. KATZBERG: At this time, your Honor, the Government would offer Exhibits 132 and 132-A.

MR. BANNIGAN: May we see them, please?

MR. KATZBERG: Yes, sir.

(Exhibits handed to defense counsel.)

(Pause.)

MR. BANNIGAN: The bank doesn't object except to those checks which are void and of which there are approximately six.

THE COURT: All right.

MR. NAFTALIS: No objection.

MR. COHN: No objection.

MR. RYAN: No objection.

THE CLERK: Government's Exhibits 132 and 132-A received in evidence.

(So marked.)

MR. BANNIGAN: Do I understand, your Honor, that the Government is not putting into evidence the void checks?

MR. KATZBERG: That's correct.

THE COURT: Yes.

MR. BANNIGAN: Thank you.

BY MR. KATZBERG:

Q Mr. Doud, do you know an individual by the name of George Barrie, B-a-r-r-i-e-?

A Yes.

Q He worked for the bank?

A Yes, as administrative vice-president.

Q To whom did he report, do you know?

A I believe Mr. Powell.

Q Did there come a time in early 1971, when you received a phone call from Mr. Barrie?

A Yes.

Q Can you tell us approximately when you got this call from him?

A It was either in February or March of 1971.

Q Now, as a result of the phone call that you got from Mr. Barrie, what, if anything, did you do?

A We went to Mr. Clifford's office in Huntinton.

Q "We," meaning who, sir?

A Mr. Barrie and I.

Q When you got to Mr. Clifford's office, who else was present?

A Mr. Powell.

Q Anybody else?

A No.

Q Would you tell the ladies and gentlemen of the Jury what was said and by whom?

A Mr. Clifford asked me if I had written a letter to the controller of the currency's office regarding the method used for the club, and I stated no, and he wanted to know whether I knew who did because apparently somebody had.

I said I didn't know who did either and then he went on to tell me howhe had discussed the matter with either Mr. Van Horne or somebody in Mr. Van Horne's office, and that the method we used for the club was acceptable to the controller's office.

Q What is Mr. Van Horne 's full name?

A Charles Van Horne.

Q Do you know his title around March of '71?

A Probably regional controller of the currency -- regional administrator of the bank.

Q Mr. Van Horne was regional administrator?

A Yes.

Q Backing up for a second, Mr. Doud, you told us initially that you were vice-president and the controller

of the bank; is that correct?

A Yes.

Q Tell the ladies and gentlemen of the Jury what the duties of the controller are?

A Control the bank's records of the bank and prepare all the financial statements of the bank.

Q As part of your duties as controller of the bank, did you play any role whatsoever with the issuance of bank checks?

A Yes. We issued all expense checks.

Q Tell us the procedure, basically the procedure used at the bank when the bank would issue a bank check.

A The procedure was to submit an approved check request to the accounting department and it would be paid in two or three days.

For expediting reasons, when a decision was made at a late date and a decision was required immediately, I would get a phone call and be asked to approve it for the requesting department.

(Continued on next page.)

fols.

DIRECT EXAMINATION

BY MR. DOUD: (Cont'd.)

Q Would you tell us what the bank check is?

A Demand deposit of the bank.

Q Where do the funds come that such a check is drawn on?

A Eventually in the general cash reserve of the bank.

Q Before you would issue a bank check or have one issued was it required that you get the authorization from any individual to do so, sir?

A Yes.

Q Now, I want to direct your attention to approximately the year 1969. Did there come a time when you were requested to issue bank checks by Mr. Arthur Chadwick?

A Yes.

Q Approximately when for the first time did Mr. Chadwick make this request of you?

Probably the fall of 1969.

MR. COHN: May I have a side bar at this time, please?

(Side bar)

MR. COHN: Judge, I think I should alert you to a situation which I believe Mr. Katzberg

is attempting to develop now. He developed it the same way in his Grand Jury examination.

I think Mr. Katzberg is going to try to establish that these three defendants were involved in the issuance of these checks in 1972 because in '69 they authorized this witness to accept instructions from Mr. Chadwick. But the witness, I think, has been confused and is confused because the checks that he was authorized to issue, pursuant to Chadwick's instructions in '69 had no relationship whatsoever to political contributions. I think that has to be developed.

MR. PATTISON: It can be brought out on cross.

THE COURT: But if it has no relationship --

MR. PATTISON: These were bank checks.

MR. KATZBERG: I make this offer of proof. This witness would testify that when Chadwick requested him in '69 to issue bank checks, he went to Powell and Dowd and they told him, "Listen, when Chadwick says issue a bank check, he has my authority, the authority of senior management, so you should know to follow those instructions."

Now, thereafter --

THE COURT: But what were the bank checks

used for?

MR. COHN: Charitable contributions.

THE COURT: Any towards political?

MR. COHN: Not a single check.

MR. KATZBERG: When Mr. Chadwick, in October 27th, made this request to Mr. Doud to issue the bank checks --

THE COURT: Based on previous authority?

MR. KATZBERG: Yes.

THE COURT: You may ask if he had any authority to issue bank checks. That gives you the previous authority. You can't ask about checks for charitable purposes.

MR. KATZBERG: We're not going to introduce those checks.

MR. COHN: If necessary we have to show that it was not related to a political contribution.

THE COURT: I want to limit you to your questions to show the original authority.

MR. KATZBERG: Four or five questions.

MR. COHN: It seems to me that he should be obligated to develop it on direct so the jury doesn't get a misconception.

THE COURT: Now he just has to show that he

had authority to issue bank checks.

MR. COHN: And we can show on cross for what purpose?

THE COURT: Yes.

(In open court)

BY MR. KATZBERG:

Q You told us there were a number of individuals who had the authority to request you issue bank checks.

A Yes.

Q Was Mr. Chadwick one of those individuals?

A I didn't feel he was.

Q In 1969, after he made this request of you, what did you do?

A I complained to Mr. Powell that he was making these requests and they were always late requiring special handling and Mr. Powell discussed the payment procedure and the fact we were spending too much money in the entertainment field and said this was a matter Mr. Dowd controlled and I should see him. I saw Mr. Dowd and he told me Mr. Chadwick had approval to draw those checks.

Q In the fall of '69, do you recall what the purpose of these checks were for?

A . For dinners bank officers were attending; boy scouts, some charitable groups.

A October of 1972, approximately October 20, 1972, did there come a time when Mr. Chadwick requested you to draw bank checks?

A Yes, there did.

Q And how many bank checks, to your recollection, did Mr. Chadwick request you draw?

A In this instance, three.

Q I want to show you, Mr. Doud, three items that were previously marked as Exhibits 133, 134 and 135 for identification. I want you to look at those, sir, and tell us whether or not you recognize what they are.

A They are the three checks that Mr. Chadwick asked me to draw. I called the requesting division of the bank and told the officer there we needed them immediately and to make out the checks to whatever he wanted. He had three totalling approximately $6,000.

Q Those are the bank checks in question?

A Yes.

Q Drawn on the reserve of the bank?

A The expense account of the bank, yes.

Q What is the dat on those checks?

A October 20th

Q All of them?

A Yes.

MR. KATZBERG: At this time the Government would offer Exhibits 133, 134 and 135 into evidence.

MR. COHN: No objection. Would Mr. Katzberg please repeat the dates for me.

MR. KATZBERG: October 20, 1972.

MR. BANNIGAN: No objection.

MR. RYAN: No objection.

MR. KATZBERG: May they be so marked, your Honor?

THE CLERK: Government Exhibits 133, 134 and 135 received in evidence.

(So marked)

(Continued on next page.)

Q Mr. Dowd, referring to Exhibit 133 in Evidence, could you tell us who that check is drawn payable to?

A 1972 Testimonial Dinner.

Q For how much money?

A $2500.

Q Could you read the endorsement on the back of the check.

A Stanley W. --

Q K-r-a-u-s-e? Krause?

A Could be. Treasurer.

Q And the account number?

A 01109164-01.

Q And the top reads, 1972 testimonial dinner; is that correct?

A Yes.

Q How about Exhibit No. 134? Who is that made payable to?

A Dinner -- 1972 Dinner Committee, $2500.

Q And does that bear the same endorsement as the previous check?

A Yes.

Q Finally, with reference to Exhibit 135, who's that made payable to and what is the amount?

A '72 Journal, $1,000. Deposit only in the Nassau

County Republican Committee.

Q Now, to your knowledge, who picked up those checks?

A Mr. Chadwick.

Q Do you know what was done with them after they were picked up?

A I haven't the slightest idea.

Q Did there come a time after October 20th, 1973, when those checks were issued, that you once again had a conversation with someone about those checks?

A I had a conversation with Mr. Joseph Stefan, who was then my superior. He told me that these checks which were -- which were drawn on the bank's bood had been made out to a political organization, and would I please calculate the penalty, interest and the amount due back to the bank for the period of time that the -- from discovery until the dates that the checks were drawn.

Q Let's back up for a second. When did this conversation with Mr. Stefan take place? Approximately?

A Sometime in the -- December of '72 or January of '73.

Q Now, when you spoke to Mr. Stefan, where did the conversation take place?

A In his office.

Q Now, do you remember anything else that was said with reference to those checks, what you were to do about them?

A Well, the only other thing that I recall is the fact that they were bank checks drawn for political parties in error and that we had to correct the error and reverse the entries.

Q Who was to reverse the entries?

A I was.

Q Now, as a result of this conversation with Mr. Stefan, what if anything did you do, sir?

A I went back and calculated the penalty, interest on the period of time when they could have effected the collection of the money from the members of the club and got that information together, gave it to Mr. Stefan and Mr. Chadwick. Mr. Chadwick got me a group of checks and I processed the check entries.

Q Who were the checks drawn payable to that Chadwick gave you?

A To the Security National Bank.

Q Now, you indicated that Mr. Stefan told you to revise the entries in the bank records; is that correct?

MR. NAFTALIS: Objection to repeating the testimony. He can go on to say what happened.

THE COURT: Yes.

MR. KATZBERG: I am trying to pick up the continuity.

Q Is that right?

A I am sorry.

Q You indicated that Mr. Stefan told you to revise the entries.

MR. COHN: That's just what the objection was.

THE COURT: I will allow the question. It's neither here nor there.

Go ahead.

Q Is that correct?

A I am sorry. I didn't -- I was paying attention to the --

MR. KATZBERG: Well, this time I will have the reporter read it back, your Honor.

(Record read.)

THE WITNESS: Yes.

Q Would you tell us what if anything you did in that connection?

A I reversed the entries that were originally made upon the drawing of the checks.

Q And could you t ll us what the initial entries reflected and what the changed entries reflected?

A The initial entry, when the checks were processed, the current expense accounts of the bank were changed with the amounts of the checks, which was the $6,000. And the demand deposit accounts for official checks was credited. I received back from Mr. Chadwick the checks, plus an amount for the interest. And I credited the interest of miscellaneous income and credited current expenses for the $25,000 and debit demand deposits for the others.

Q Now, around this time that you just testified to, approximately December of 1972 or January of '73, did you have occasion to speak to Mr. Stefan about the contributions club in general, sir?

A Yes, I did.

Q And where did that conversation take place?

A Took place in his office.

Q Excuse me?

A Took place in his office.

Q Was anybody else present?

A No, nobody else was present.

Q Would you tell us what that conversation was.

A Basically, I felt by this time that the system that we were using was ludicrous. I told him that. He told me that he would attempt to slow it down and eventually stop it.

Q Anything else that you recall in this conversation?

A No. That's basically it.

Q Now, did there come a time when you stopped making contributions, sir?

A Yes. In around the beginning of 1973.

MR. KATZBERG: I have nothing further of this witness at this time, your Honor.

THE COURT: All right. You may cross-examine.

MR. NAFTALIS: Thank you, your Honor.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good morning, Mr. Doud.

A Good morning.

MR. NAFTALIS: Can I have Mr. Doud's checks for a moment.

Thank you very much.

Q Mr. Doud, you have testified that there came a time when you had a conversation and you were asked to become a member of this political club; is that correct?

A Yes.

Q And then subsequent to that you began making contributions to various candidates; is that correct?

A That's correct.

Q I think you have identified already as Government Exhibit 132 in Evidence a series of checks which constitute checks that you drew as a member of the club; is that correct?

A That's correct.

Q Now, I think you also indicated that you would draw a check after you would speak to this gentleman named Mr. Chadwick; is that correct?

A That's correct.

Q Now, is it true, sir, that when you would speak to Mr. Chadwick about drawing these checks, that you had a right to choose among various alternatives to whom you could make the check out to?

A No. I told him initially in the beginning that I didn't make any to anyone in the Republican Party. Only to the Democratic Party.

Q And he said that was fine?

A Yes.

Q As a matter of fact, you as a matter of your choice only wanted to give to Democrats?

A That's right.

Q As a matter of fact, your checks here are to Democrats only; is that correct?

A Well --

Q Let me put it this way. There are no Republicans

in there, to your knowledge?

A Not to my knowledge.

Q As far as you knew, you were giving to Democrats?

A That's right.

Q And Mr. Chadwick respected your political beliefs as to which party you believed to be aligned with; is that correct?

A Yes.

Q Thank you.

Now, I think you began telling us about Mr. Chadwick's role in asking for certain checks; is that correct? Bank checks?

A Yes.

Q Mr. Chadwick played a role in the bank whereby he was in charge of -- at least in part, of various charitable and civic dinners and functions? That is, handling them on behalf of the bank; is that correct?

A Yes.

Q And, as a matter of fact, when you said that -- when you related a conversation you had first with Mr. Powell and then with Mr. Dowd back in 1969 about whether or not Mr. Chadwick had authority to ask you to draw a check, that was in connection with either a charitable or civic function; is that correct?

A That's right.

Q United Jewish Appeal?

A I don't know.

Q Catholic Charities, Boy Scouts?

A I don't recall exactly which one, but it was with a known charity. Boy Scouts or something like that.

Q Over the course of the years that you and Mr. Chadwick worked in the same bank, there were occasions when Mr. Chadwick asked you or someone on your staff to draw a check to Catholic Charities, Boy Scouts, United Jewish Appeal, Girl Scouts and the like; is that correct?

A Yes.

Q And the reason they -- the reason they went to you is because of your function? You were the controller of the bank?

A Yes.

Q And the drawing of checks for these charitable organizations came on a relatively frequent basis; is that correct?

A Yes.

Q I think you indicated, did you not, that there came a time when Mr. Chadwick asked you to draw certain --

MR. NAFTALIS: Can I have those checks for a --

Q Certain checks; is that correct?

A Yes.

Q And these were sometime in October of '72; is that correct?

A Yes.

Q And then later you said you had a conversation with Mr. Stefan; is that correct?

A That's correct.

Q And who is Mr. Stefan?

A He was my superior. He was Executive Vice President of the bank.

Q And Mr. Stefan -- there came a time when he told you that Mr. Chadwick had made an error; is that correct?

A Yes.

Q He says that bank checks and bank funds should not have been used for that purpose; is that correct?

A That's correct.

Q And he said to you that he wanted you to -- Mr. Doud, to correct the error and reverse the entry; is that correct?

A That's correct.

Q And that, therefore, the bank should be reimbursed by the members of the club for the monies that had been expended with interest?

A Yes.

Q And the interest was calculated?

A Yes.

Q And the bank was made whole?

A Yes.

Q Now, during the time that you were at the bank -- and I guess you are still at the bank -- you are still with Chemical?

A I am at Chemical.

Q Which took over?

A Yes.

Q Which is the same more or less?

A No.

Q Well, took over Security at a certain point in time?

A Acquired the assets of Security.

Q Now, Mr. Clifford was in New York City a fair amount of the time during the last couple of years that you were with the bank?

A Yes.

Q As a matter of fact, your contacts with him in the last couple of years or so in the bank began less frequently on a face-to-face basis than they were in the earlier years when he was -- because he was in New York City more often?

A About the same.

Q You spoke on the telephone in the latter years rather than the earlier years?

A About the same.

Q About the same?

A Yes.

Q And, I take it, he was in New York City more often because Security had acquired another bank called Royal?

A That's correct.

Q And that was around '71 or '72? And then for the first time Security had an office in New York, Manhattan, Brooklyn, the Bronx and the like? They have taken over the Royal offices?

A Yes.

Q And as a result, Mr. Clifford had to be in New York City on a more requent basis; is that correct?

A Yes. He had an office there.

Q As a matter of fact, he maintained -- as you just said, he maintained a separate office in New York City so he could work on bank business in Manhattan; is that correct?

A That's correct.

(Continued on next page.)

Q Now, I think you indicated that there came a time in February or March of 1971 when you had a conversation with Mr. Clifford and Mr. Powell regarding an anonymous letter moseone had sent?

A YEs.

Q And you were told during the course of that conversation that somebody from Mr. Van Horn's office had -- they had discussed the matter of a contributions club with somebody with Mr. Van Horn's office and everything was okay.

A Either with Mr. Van Horn or with somebody from his office.

Q Did they mention Mr. Van Horn by name as the person from Mr. Van Horn's office?

A I don't recall.

Q You don't deny that it was Mr. Langdon's name that was mentioned? You just don't recall; is that correct?

A I don't recall. I don't know.

Q Now --

MR. NAFTALIS: Will you excuse me for one moment, your Honor?

Can I have just one second, your Honor?

Q Now, when you were first asked to come into the political club, you were told, were you not, that the purpose of the donation was to enable the bank to maintain

good relations inthe community; is that correct?

A Yes.

Q I take it, that other than this one conversation with a member of Mr. Van Horn's staff was discussed, you never had any other conversations at any time about -- with Mr. Clifford regarding the subject of the contributions club?

A No, I didn't.

Q He never asked you to join?

A Did not.

Q Never solicited a contribution from you?

A No.

Q He never told you of a particular candidate you should or should not give money to; is that correct?

A No.

Q As a matter of fact, you indicated earlier that you chose democrats on your own; is that correct?

A That's correct.

MR. NAFTALIS: Fine. I have no other questions. I just have one other question.

CROSS-EXAMINATION

BY MR. NAFTALIS (Continued):

Q And I think you indicated that you were in contact for most of this period on a daily basis with

Mr. Clifford; is that correct?

A What period are you talking about?

Q Well, during the period -- oh, '69 through '73.

A On a business basis I talked to him almost every day.

Q And that subject of political contributions and this club never came up with him, did it?

A No.

MR. NAFTALIS: Fine. Thank you.

CROSS-EXAMINATION

BY MR. COHN:

Q Mr. Doud, I am Dave Dowd's lawyer. I have asked Mr. Katzberg to produce an exhibit. Will you bear with me for a minute, please.

Mr. Doud, by the way, you are not related to Dave Dowd, are you?

A No.

Q You spell your name differently, do you not?

A Yes, we do.

Q MR. Doud, I'm going to ask you to look at three papers that have already been marked in evidence, and then I will -- in evidence in this case. And these papers came from Dave Doud's personnel file. All right?

A Yes.

Q Will you look at them, please. And may I point out to you, sir, since it's already been marked, the first card, the Visi card, the same as Mr. Katzberg mentioned, and this is a letter of resignation that Dave Dowd went to the bank dated August 31, 1972. And particularly will you look at the yellow sheet. I don't know if you are familiar with this. You notive in Dave Dowd's case, the termination date is 9/22/72?

A Yes.

Q Do you recall, Mr. Doud, that there came a time -- you can have this in front of you to refresh your recollection -- there came a time when Dave Dowd left the Security National Bank?

A Yes.

Q And does that notation on it, the filing of the termination of September 22, 1972, refresh your recollection that he retired about that time?

A Yes.

Q Then he went to the Security National Bank in -- I am sorry. The Nassau Trust Company?

A Yes.

Q By the way, to your knowledge, the Nassau Trust Company operates in the same area that the Security

National Bank operates, did it not?

A Same market.

Q Same market. It's a small bank, is it not, as compared to the SEcurity National Bank?

A Yes.

Q But in some respects, would you say it was competitive of the SEcurity National Bank?

A Yes.

Q Operated in the same market?

A Yes.

Q All right.

Mr. COHN: May I have the three checks that we were talking about?

Q Mr. Doud, you have already identified the three checks which are all dated October 20, 1972. Will you agree with me, sir, that these three checks were all issued after Dave Dowd left the bank?

A Yes.

Q And did Dave Dowd have anything to do with the issuance of those three checks?

A Not that I know of.

Q Now, could I take you back for a moment to Mr. Chadwick, if I may. Mr. Chadwick worked in the marketing division of the business development department, did he not?

A Yes.

Q And Dave Dowd was the head of the -- the vice president of the marketing division; is that correct?

A Yes.

Q And in 1969, when you told us about the conversation you had with Dave Dowd and FRank Powell with respect to issuing checks that Mr. Chadwick would request of you from time to time, these checks had nothing to do with any political contributions, did they, sir?

A No.

Q And, I take it, that from '69 and '70 and '71 and up to this time in '72, Mr. Chadwick from time to time did ask you to issue checks, did he not?

A Yes, he did.

Q And you have explained to the jury that these checks were primarily concerned with charitable ro civic functions; is that correct?

A That's correct.

Q And was that also not one of the functions of the marketing division that was headed by Dave Dowd to create good relations among people interested in these charitable dinners and any civic dinners; is that correct?

A That's correct.

Q You mentioned -- I think the one name you

volunteered, for example, was the Boy Scouts; is that correct?

A That's correct.

Q And I suppose you don't really recall in detail all the other charities or all the other civic organizations?

A There is a list of about -- there's probably about three or four typewritten pages every year that we made -- for all different names.

Q Would you say that the list would run by individual organizations perhaps in the area of a hundred, give or take ten or so?

A I don't know. It's three typewritten pages.

Q Three typewritten pages. But, in any event, we are talking about many, many organizations; is that correct?

A Yes.

Q And Arthur Chadwick would come to you from time to time and ask you for these checks; is that correct?

A Yes.

Q Did he run that account -- if you understand the expression -- in other words was he responsible for receiving the requests, say, for dinner tickets for the Boy Scouts, and then coming to you to get the money to pay

for these tickets and getting somebody from the bank to go to the dinner?

A His function was to arrange for the attendance at the dinner.

Q For attendance at the dinner? Getting the people down there?

A And getting the money.

Q And also to get the money from you and see to it that it got into the proper organization; is that correct?

A Well, to get it to the organization that we -- that we were making any contribution to.

Q So you were -- I'm sorry. In other words -- let me ask you this. When you would issue the check, did you give it to Chadwick?

A Yes.

Q And then Chadwick would forward it to whoever was supposed to get it?

A That's right.

Q And wa it not, to your knowledge, sir, that the function of the marketing division was to help the bank develop and enlarge its customers and depositors; is that right?

A That was its sole function.

Q That was its sole function?

A To develop business.

Q And one of the ways that it did this was to have people attend these civic dinners and charitable dinners and charitable functions, and people from the bank would show up? Am I correctly putting it to you, sir?

A Yes.

Q Let me ask you this. During the years that you were at the bank, did the bank have a microfilm system?

A Yes.

Q That you were aware of?

A Yes.

Q I notice that the checks that you wrote that Mr. Katzberg has offered in evidence were all drawn to the Security National Bank?

A Yes.

Q And, I take it, you had a checking account there, did you not?

A All employees did.

Q All employees did; is that correct?

A Yes.

Q And can you tell me, sir, do you know whether or not it's a fact that all of the checks that you wrote and all of the checks that the bank employees would write were indeed -- or, indeed, all of the checks that any

customers of the bank would write were all photographed onto a microfilm system?

A I am not really sure. That's not my function.

Q That's not your function. Thank you.

Now, did Dave Dowd ever come to you and ask you to make out a check either personally or as an official of the bank for any political contribution?

A Not that I recall.

Q And is it fair to say, sir, that throughout '69 and '70 and '71 and '72 up to October 22, 1972, you were not involved in the issuance of any bank checks for any political contributions? Is that a fair statement, sir?

A Up until that day?

Q Up until that day.

A That's correct.

(continued next page)

Q By the way, do you know a gentleman by the name of Dutra?

A Yes.

Q And was he an employee of the bank during some of the times that you were employed by the bank?

A Yes, sir.

Q And he worked in Dave Dowd's department?

A Yes, he did.

Q Under the marketing division or business development department?

A That's correct.

Q And I believe -- incidentally, you told us that there came a time when Mr. Stefan asked you to reverse the entries with regard to these three checks; is that correct?

A That's correct.

Q Could you give us your best estimate of approximately when that happened?

A It was sometime in December or January of -- December of 1972, January of 1972.

Q Dave Dowd was not in the bank at that time, was he?

A No.

MR. COHEN: That's all.

CROSS EXAMINATION

BY MR. RYAN:

Q When you first met Mr. Powell, do you remember him telling you the purpose of this club was to buy tickets for political dinners and for the sake of maintaining good relationships with local government?

A Yes.

Q In your response to the question whether it was legal, he said it was his understanding as long as the contributions were made voluntarily on an individual basis it was okay?

A All I recall is I asked him whether it was legal and he said there was an opinion that had been rendered.

Q Did he indicate that the opinion was from the general counsel of the bank?

A No, he did not.

Q Let me show you Grand Jury minutes and see if this refreshes your recollection.

First of all --

MR. KATZBERG: What page, please, Mr. Ryan?

MR. RYAN: Page nine.

Q You -- just read page nine to yourself and see

if that refreshes your recollection as to whether or not Frank Powell indicated to you the source of the legal opinion.

A It doesn't to me.

Q It does?

A It doesn't to me, no.

Q And with respect to my question as to whether Frank Powell told you he understood as long as the contributions were made on an individual and voluntary basis they were perfectly proper? Page 13, would you read it to yourself please?

Have you read it?

A Yes.

Q Didn't Frank Powell tell you as long as it is voluntary and made on an individual basis it was legal?

A Yes.

Q Do you have any doubt about it? You seemed to hesitate.

A Well, I just don't remember saying that.

Q Do you recall telling the Grand Jury on May 28th, 1973, answer the following question:

"Question: Do you remember Mr. Powell saying to this effect 'Well, you know it's strictly legal so long as it's voluntary and individual?'"

"Answer: Yes, absolutely he said that."

A I remember the legal part of it. I don't remember the second part of the question.

Q You don't remember whether he indicated the source of that legal opinion was the Shea firm?

A I don't.

Q But you do recall -- it's true is it not, that the Shae firm had a legal representation for expertise in the New York State, New York City area?

A Yes, I do.

Q Now, Frank Powell retired on May 1, 1972. Do you recall that?

A Yes.

Q And Joseph Stefan took his position at the bank?

A That's correct.

Q And when these checks were issued, these three bank checks that have just been introduced, in October of 1972, Frank Powell first of all had nothing at all to do with that as far as you now?

A As far as I know.

Q As a matter of fact he was not an officer who had authority to cause any issuance of any bank checks?

A I don't think so.

Q And are you familiar with Frank Powell's reputation for honesty, integrity and trustworthiness at the time you worked with him in the bank?

A He had a very good reputation in the banking field.

MR. RYAN: I have no further questions.

MR. BANDMAN: No further questions.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q Now, Mr. Dowd, with respect to those bank checks and the repayment of those bank checks, who repaid the bank for the bank checks?

A The individual members of the club.

Q Now, the checks went to the Nassau County Republicans?

A Yes.

Q To your knowledge any money that was used to repay the bank came from the Nassau County Republicans?

A No.

Q Now, Mr. Dowd, in response to a question that Mr. Ryan asked you, reading from the Grand Jury minutes on page 14, do you recall that he asked you -- do you remember this question and answer:

MR. NAFTALIS: What page?

MR. KATZBERG: Page 14.

Q "Question: Well, you know it's strictly legal so long as it's voluntary and individual?

"Answer" Yes, absolutely yes, he said that."

Do you remember those questions and answers?

A Yes.

Q Do you remember the following questions and answer --

MR. RYAN: I'm sorry, your Honor, I object to what he's going to read.

THE COURT: I don't know what you're objecting to.

MR. KATZBERG: To the very next question.

MR. PATTISION: May we approach the bench?

THE COURT: No, just let me see it.

MR. KATZBERG: It just goes to the answer on page 15.

THE COURT: All right. Let me see it. Where does it start?

MR. RYAN: Line 18.

THE COURT: Line 18?

MR. RYAN: Yes, line 18.

THE COURT: Yes, I see it.

MR. KATZBERG: The very first two lines on page 15, the answer that is finished on page 15

and that ends the colloquy of it.

THE COURT: What are you objecting to?

MR. RYAN: I object --

MR. BANNIGAN: The forst of the question.

MR. RYAN: Argumentation, your Honor.

THE COURT: No, I think I will allow it. All right. Proceed.

MR. KATZBERG: Thank you, Judge.

Q Do you recall being asked the following qustion and giving the following answers:

"Question: Now that would lead one to think logically enough, would it not, that this contribution club was based on voluntary donations by individual members?

"Answer" That's right.

"Question: Now, how voluntary was it, sir?

"Answer" It wasn't. Once you join it you were given a Hobson's choice.

"Question: Hobsons?

"Answer: Yes, about joining. It was -- I really don't think you had much choice at all."

A Yes.

Q Do you recall those questions and answers?

A Yes.

Q Now, Mr. Dowd, just one final series of questions about those revised entries.

After you changed the entries could you tell the ladies and gentlemen of the jury what the -- what kind of transaction was reflected by the revised entry?

MR. NAFTALIS: That was covered on direct examination.

MR. KATZBERG: I don't believe it was, otherwise I wouldn't have asked it.

MR. NAFTALIS: It's not responsive.

MR. KATZBERG: There was cross-examination as to what the revised entries reflected.

MR. NAFTALIS: There was not at all, your Honor.

(Continued on the next page.)

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THE COURT: I don't remember it.

We'll take a recess, and you will ask the reporter to check it out.

All right. we'll take a short recess.

(The following occurred out of the hearing of the Jury.)

MR. RYAN: I move to strike the questions and answers on redirect concerning this Hobson choice business.

We didn't have a sidebar but those questions read on redirect are arguments between Mr. Katzberg and the witness. All I asked this witness and what he testified to in the Grand Jury is what Mr. Powell told him and that's all.

His subjective mind. Hobson's choice, are matters of argument not properly --

THE COURT: That's not the reason I permitted it to be read. I permitted it because one part was read and the balance is entitled to be read. It was directly related. I will take the exception.

MR. RYAN: I move for a mistrial on the ground of that admission.

MR. KATZBERG: I --

THE COURT: Denied.

MR. KATZBERG: I believe the reporter has been able to find the questions and answers read on cross-examination which led to the question I asked on redirect.

That's the only question that I want to ask, that question and the answer and then I will sit down.

MR. NAFTALIS: If your Honor please, they have covered this area on direct examination and absent some reason why they can bring out on redirect something they should have brought out on direct.

They had a right to bring out on direct this whole business. They spent considerable time with this subject.

I don't have -- I don't think they have a right to go into that on redirect. It's beyond the scope.

MR. KATZBERG: It's hardly to repeat matters.

THE COURT: What are your questions?

MR. NAFTALIS: What is the question and answer he expects to elicit?

MR. KATZBERG: Could you read back the very last question I read of Mr. Dowd?

MR. NAFTALIS: Why don't you just tell the

judge?

It might save time.

MR. KATZBERG: The reversed entry, what kind of a reversed entry did that transaction reflect?

MR. NAFTALIS: What kind of an answer to you expect to elicit?

MR. KATZBERG: A loan.

THE COURT: I will allow that.

MR. PATTISON: And the part of cross-examination which we feel opens up the door for it is, and which makes it proper has been found.

MR. BANNIGAN: I will ask some questions then, your Honor.

THE COURT: All right. You may.

MR. BANNIGAN: I have to get up some time, your Honor.

THE COURT: Yes, you may.

All right, seat the witness and seat the jury.

(The witness, Robert Dowd, resumed the stand and testified further on redirect examination as follows:

(The Jury entered the Courtroom at 12:30 P.M.)

(The following occurred in the hearing of the Jury.)

MR. KATZBERG: May I proceed, your Honor?

THE COURT: Yes.

Q I asked you prior to the brief recess --

MR. NAFTALIS: We don't need a speech. Just ask the question.

THE COURT: Just ask your question.

Q Now, with respect to the revised entry, the entry you testified to was revised, will you tell us what kind of banking transaction was reflected by the revised entry?

A The revised entry was a repayment of the funds, treating it like a loan.

MR. KATZBERG: Thank you, sir. I have nothing further.

THE COURT: Any furtherquestions?

MR. BANNIGAN: Yes, your Honor.

CROSS EXAMINATION

BY MR. BANNIGAN:

Q Mr. Dowd, my name is Gene Bannigan and I represent the bank in this matter. You testified on cross-examination sometime in 1970 Mr. Powell came to you and asked you to join the contribution club.

A Yes.

Q Did he yell at you?

A No.

Q Did he speak to you in his usual, mild manner?

A Yes.

Q Did he threaten you in any way?

A No.

Q Did you physically beat you?

A No.

Q Now, you testified that you thought -- let me go over this.

You recall testifying in the Grand Jury that, reference to page 15, where you stopped read Mr. Katzberg beginning at line four:

"Question: You say that you didn't have much of a choice. We're talking about before joining or after joining the club.

"Answer: I would say probably after joining.

"Question: What about the decision as to whether or not to join it in the first place, how much of a choice was that?

"Answer/ Not much. There was some -- you were offered that, let's put it that way."

Now, when you joined you had some choice;

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is that correct, according to your testimony?

A Yes.

Q Any hesitancy you had about joining was purely subjective; is that correct?

A Well, what do you mean?

Q Nobody said anything to you, there were no operative facts put to you?

A No.

Q That indicated that you were being coerced into joining this club; is that correct?

A Yes.

Q Nothing was said to you?

A No.

Q So you -- the only subjective though that you had then was you thought it would be to your better interest to go along; is that correct?

A Yes.

MR. BANNIGAN: Thank you. No further questions your Honor.

THE COURT: All right. You may step down. Thank you.

MR. KATZBERG: The Government calls George Mauze.

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GEORGE MAUZE, having been called as a witness for the Government took the stand after having been duly sworn by the Clerk of the Court.

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Mauze, could you give the ladies and gentlemen of the jury your current occupation, please?

A Vice-president with the John P. McGuire Company in New York.

Q What is the general nature of your business?

A It's a commercial finance company affiliated with the Providential National Bank.

Q Mr. Mauze, when did you begin to work for the McGuire Company?

A December 1974.

Q Now, prior to that time by whom were you employed?

A Security National Bank.

Q When did you begin to work with the Security National Bank?

A In March of 1970.

Q And when did you leave the Security National Bank?

A In October of 1974.

Q And did you work continuously at the Security

National Bank from March '70 through October of '74?

A Yes.

Q What was your title when you began?

A Vice-president.

Q Essentially tell us what your duties were.

A I was a senior lending officer for the branch system and supervised one of their specialty loan divisions, secured lending and installment loans.

Q Which office did you work in physically?

A The main office in Huntington then in Melville.

Q When did you move from Huntington to Melville approximately?

A December '71, I believe.

Q Was that when Melville became the main head office?

A Yes.

Q Now, directing your attention to late 1970 who was your immediate superior?

A Mr. Robert Vanderk.

Q What was his title?

A Senior vice-president.

Q Who did he report to?

A Mr. Robert Bradley.

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Mauze-Direct

Q Did there come a time in late 1970 when you began to report to someone in addition to Mr. Vandermark?

A Yes, Mr. Douglas Wulffleff.

MR. BANNIGAN: Can we approach the bench, your Honor?

THE COURT: Certainly.

(A discussion was had at the sidebar out of the hearing of the Jury as follows.)

MR. BANNIGAN: May I ask what you intend to go into in the conversation?

We object. This witness is available to call. Whatever their reasons are for not calling them, that's their business and we object to the conversation coming in since the witness is available.

MR. KATZBERG: He's an undicted co-conspirator. This conversations is in furtherance of the conspiracy.

If we call him it won't change it.

MR. BANNIGAN: I don't think the burden is on us to call him. I'm aware of the new ABA standards of naming people as co-conspirators and not calling them.

But if they are named, they should be indicted and should be called as witnesses if they are available by the person who seeks to use their

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testimony or what their testimony would be.

MR. PATTISON: That doesn't change this. We don't seek to use his evidence now.

We seek to use Mauze's evidence as to what was told him.

THE COURT: Is Mauze a co-conspirator?

MR. PATTISON: No.

MR. KATZBERG: Because is testimony is here to be examined.

MR. BANNIGAN: Mr. Wulffleff is not. That's the point.

MR. PATTISON: The only citation which counsel can now cit to the Court is an American Bar Association publication as opposed to any case law this shows clearly the case law does allow it as of now, as a co-conspiratoR.STATEMENT.

MR. NAFTALIS: I refer your Honor to the recent case of Briggs against the United States, 514 Fed. 2nd 794, Fifth Circuit 1975 in which the Fifth Circuit unanimously condemned the United States Government for naming people as co-conspirators and charging them with offenses.

Mr. Bannigan referred to the new proposed ABA standard on the Grand Jury function which adopts

the Briggs case which says"the Grand Jury should not name a person as an unindicted co-conspirator to a criminal conspiracy unless the individual named has been charged with an offense arising out of the transaction or prosecution intends to offer the person as a witness at the close of the trial."

MR. PATTISION: I rely on what I said relevant to Second Circuit law.

THE COURT: This is very close. It's a legal definition.

MR. KATZBERG: Bringgs doesn't say the testimony of an unindicted co-conspirator in furtherance of a conspiracy is not admissible.

I will have to look at it. I don't think I'm familiar with it.

MR. RYAN: We couldn't cross-examine Wulffleff.

THE COURT: They are entitled to be faced with the person who makes an accusation.

I don't know what Briggs says.

MR. KATZBERG: Do you want to adjourn for lunch now?

THE COURT: Yes. Give me a copy of what you have.

MR. NAFTALIS: Here's a copy of the proposed standards.

(The following occurred within the hearing of the Jury.)

THE COURT: We'll recess now and start at two o'clock.

Don't talk about the case among yourselves or with anyone not on the Jury. All right, gentlemen, return at two o'clock.

(Whereupon a luncheon recess was taken.)

(Continued on the next page.)

1 A 994 (The following occurred in the absence of the Jury.)

MR. KATZBERG: If I could just discuss a brief matter or two before we get to the substance of the objection.

First, I turned over copies to counsel just now of various documents they asked to receive with reference to the testimony of Mr. DeGenaro in the Grand Jury.

They were Grand Jury exhibits, some checks and records of repayment to Mr. Shea as well as the opinion letters of the Shea firm to the Security National Bank, and I have tendered copies of those to defense counsel.

We have no intention of currently using in our direct case any of those documents.

MR. NAFTALIS: I will represent to Mr. Katzberg that I received these documents.

MR. KATZBERG: The witness Chadwick is present with his attorney, Mr. Harrington.

Mr. Chadwick has been indicted in this matter on a number of counts of perjury.

Before Mr. Chadwick testifies, I think it prudent, with his counsel present, that we go over some ground rules and Fifth Amendment

A 995

privileges.

I would ask the Court respectfully that ince the witness Mause concludes, the Jury be excused and we can set the ground rules as to the questions to be asked of Mr. Chadwick and what action, if any, must be taken as to protential Fifth Amendment issues raised.

THE COURT: All right.

MR. PATTISON: The objection concerning the matter as to the witness Mause's testimony relative to his meetings with a Mr. Wulffleff -- I have just read the Briggs case cited and it appears to have little if any bearing on this matter at all.

THE COURT: I find it not applicable.

MR. PATTISON: I believe that current Black Letter, Second Circuit law, relative to statements in the course of or furtherance of the crime charged here should come in.

THE COURT: I am going to allow the testimony after reviewing it.

MR. BANNIGAN: We except to that and I would note there is no Second Circuit case that deals with our objection specifically.

THE COURT: That's true. I will allow it.

MR. RYAN: On behalf of the defendant Powell,

I register my motion for a severance if this evidence is admitted, because he is in no way connected with it.

MR. NAFTALIS: May I make an application in connection with the testimony?

I am not attempting to reargue the motion.

Since the Government will be attempting and permitted to elicit conversations between this witness and Mr. Wulffleff and also this witness and a man named Rex Johnson, also named as an unindicted co-conspirator, and they plan to call Mr. Croskoph and they are going to ask about conversations with a Mr. John McCabe, all of whom the Government has no intention of calling as a witness and as to one of them, Mr. Wulffleff, they made arrangements not to prosecute, although they don't intend to call him, I would ask for copies of statements, Grand Jury testimony and the like, of those three witnesses for use on those witnesses who claim to have had conversations with them and perhaps even to impeach the Government's witnesses.

THE COURT: You have a right to call them. They are available witnesses.

I would say in view of the fact that you are going to use testimony about persons who may or

may not testify, you should show them --

MR. KATZBERG: I will turn over Mr. Wulffleff's Grand Jury testimony. I don't believe he was introduced by the FBI.

As to Mr. Groskoph, I am going to ask about whether or not he got a record and conversations with Mr. Clifford.

It will be very fast.

THE COURT: Some of the conversations may have been exculpatory and you are entitled to that.

MR. PATTISON: Of course, if it is Brady.

THE COURT: Of course.

But the point of the matter is you can't ask questions on your side and leave sort of a holey space.

You have to give them the entire situation.

MR. KATZBERG: It is my recollection that Mr. McCabe -- I am not sure whether or not he testified in the Grand Jury but what I am going to do is look and double-check.

I know Wulffleff did and was given his warnings in the Grand Jury. We will provide counsel with Wulffleff's testimony.

MR. NAFTALIS: You see this witness also, your Honor, Mr. Mause, is going to testify to a

conversation with Mr. Johnson.

THE COURT: If he's going to testify to conversations, I rule that those papers --

MR. KATZBERG: I am not bringing out conversations with this witness and Johnson.

THE COURT: Whoever it may be. If this witness or any witness is questioned about conversations with someone else and that person is not going to be brought into Court, you have a right to their statements.

MR. COHN: For the record, the defendant Dowd strongly objects to the conversations coming in and I would ask for a severance.

THE COURT: Same ruling.

MR. KATZBERG: May I bring in the witness -- Mause, your Honor?

THE COURT: Yes.

MR. KATZBERG: Could we have a three-minute adjournment so I can go up and get Mr. Wulffleff's Grand Jury testimony?

I will come back as fast as I can, Judge.

(Pause.)

MR. KATZBERG: I want the record to reflect that I have just given Mr. Naftalis -- and I am about to give Mr. Ryan -- a copy of the Grand Jury

A 999

6 minutes of Douglas Wulffleff.

It is 96 pages in length and he appeared before the Grand Jury on July 30, 1975.

I made a rather cursory examination of Mr. Wulffleff's file and couldn't find any interviews with him by the FBI.

I know I did not interview Mr. Wulffleff and to the best of my knowledge, at this point in time, the July appearance before the Grand Jury is the only 3500 material of that witness.

To be doubly sure, when today's matter is adjourned, I will go back to my office and make a more thorough search to make sure there is nothing in addition to this Grand Jury transcript which would be 3500 material as to the witness Wulfleff.

I would ask that this be marked as the next 3500 exhibit.

THE CLERK: Grand Jury testimony of Douglas Wulffleff dated July 30, 1975, marked as Government's Exhibit 3500-75.

(So marked.)

MR. KATZBERG: Your Honor, in your absence we had marked the Grand Jury minutes of Mr. Wulfleff as the next 3500 exhibit and counsel were given two

7 copies of that, your Honor.

THE COURT: All right. Bring in the Jury.

(Jury seated.)

G E O R G E M A U S E , called as a witness, having been previously sworn by the Clerk of the Court, resujed the stand and testified further as follows:

THE COURT: All right. Ready to start.

DIRECT EXAMINATION

BY MR. KATZBERG (Cont'd):

Q Mr. Mause, did there come a time in approximately December of 1970, when you had a conversation with Douglas Wulffleff, sir?

A Yes.

Q And could you tell us where this conversation took place?

A In Mr. Wulffleff's office in Huntington.

Q Was anyone else present other than yourself and Mr. Wulffleff?

A No.

Q Who initiated this conversation -- yourself orMr. Wulffleff?

A Mr. Wulffleff.

Q Would you tell the ladies and gentlemen of the Jury as best you can recall it, what Mr. Wulffleff said

at that time?

A He said they were setting up branch administration which he would head up and since I handled the branch system I would work under him for the branch administration.

He said Mr. Clifford had approved me to be a member of the political club.

I said, what's that? I never heard of it.

He said it's a means by which the bank could make up political contributions made up of select officers in the bank. He said I would receive an increase to cover merit increases, taxes paid and also a certain amount which would have to contribute toward political contributions.

Q Was the amount of increase specified at this time?

A No. He said Mr. Vandermark who I was presently working for, would discuss that with me.

Q Did Mr. Sulffleff at this time ask you whether or not you would be willing to participate?

A No. It was an accomplished fact. He didn't ask me at all.

Q So you were in?

A Yes.

Q Did there come a time after this conversation with Mr. Wulffleff when you did speak or Mr. Vandermark did speak to you?

A Yes, the following day.

Q Where did that conversation take place?

A In Mr. Vandermark;s office.

Q Now, subsequent to your conversation with Mr. Vandermark, did there come a time when you got a raise?

A Yes.

Q And how much money was that?

A $3,700 of which $2,000 was for merit. $1,700 was for the political club, $500 to pay the taxes and the other $1,200 was to be donated $100 a month.

Q I show you Exhibit No. 35 and tell us whether or not you see that salary increase that you just told us about listed thereon?

A Yes.

Q What is the amount again, sir?

A $3,700.

Q The date, please?

A January 4, 1971.

Q There are other notations, other entries on that exhibit; is that correct?

A Yes.

A-1003

Q Those other entries and information contained on that document fairly and accurately depict the salaries and titles you had at Security National Bank when you worked there, sir?

A Yes.

MR. KATZBERG: At this time, the Government offers into evidence Government Exhibit No. 35.

(Shown to defense counsel.)

MR. BANNIGAN: No objection by the bank.

MR. COHN: No objection.

MR. NAFTALIS: No objection.

THE COURT: Mark it.

THE CLERK: Government Exhibit 35 received in evidence.

(So marked.)

Q Now, did there come a time, Mr. Mause, after you received this $3,700 salary increase that you began toactually make contributions?

A Yes.

Q Approximately when did you start that, sir?

A The end of January, 1971.

Q Mr. Mause, I want to show you at this time the contents of an envelope marked as Government Exhibit 136 for Identification and I want you to look at those

A-1004

11 Mause - direct

items including 136-A through E inclusive.

Do you recognize the items contained in 136 and 136A through E inclusive?

A Yes, these are checks issued by me.

Q Are those checks drawn by you pursuant to the contributions organization, sir?

A Yes.

fls.

(Continued on next page.)

DIRECT EXAMINATION

BY MR. KATZBERG: (Cont'd.)

MR. KATZBERG: At this time the Government offers Government Exhibit 136-A through E inclusive.

(Shown to defense counsel.)

MR. BANNIGAN: Is there some significance as to the paper clip?

MR. KATZBERG: Yes. It holds the checks.

MR. BANNIGAN: I mean the way you have it in there.

MR. KATZBERG: No.

(Pause)

MR. BANNIGAN: The bank has no objection except as to void or non negotiated checks.

MR. NAFTALIS: May I see them for a moment, Mr. Katzberg?

(Exhibit handed to defense counsel.)

(Pause)

MR. KATZBERG: Your Honor, there are a number of checks in this exhibit January and March of 1974 that were apparently non negotiated. May I ask the witness about these?

THE COURT: Yes.

BY MR. KATZBERG:

Q Mr. Mause, as part of the exhibit you just identified, Exhibit 136, there are five checks stapled together. Would you look at those checks, sir?

A Yes.

Q Now, were those checks checks you wrote as part of the contributions organization, sir?

A Yes.

Q Are any of those checks, if you look at the backs of them, negotiated or endorsed in any way?

A No, they are not.

Q Could you tell us how that came about -- how you were given back those checks?

MR. BANNIGAN: Objection. They are not negotiated and are not part of the checks.

MR. PATTISON: They were written as part of the club.

THE COURT: But if not negotiated, what could they have done?

MR. PATTISON: We'd like to find cut how and why.

MR. BANNIGAN: I think a side bar offer of proof would be in order.

THE COURT: Come to the side.

(Side bar)

MR. KATZBERG: Your Honor, I believe -- although I'm not certain -- I believe that the witness will testify that he sent those to Mr. Chadwick as per Chadwick's instructions and those were returned to him by Mr. Chadwick not having been used and I think that this -- it has come up before.

THE COURT: That doesn't violate the law. You already have him giving checks. Why do you need non negotiated checks. I don't think you need them.

MR. PATTISON: We want to show that the witness had nothing to do with the voiding of these checks.

MR. NAFTALIS: That's not an issue in the case.

THE COURT: Right.

(In open court)

MR. KATZBERG: I withdraw the question with respect to those checks and withdraw them from the exhibit.

THE COURT: Okay.

MR. NAFTALIS: No objection tc any of those.

MR. COHN: No objection.

MR. RYAN: No objection.

MR. KATZBERG: Your Honor, at this time the Government moves the admission of 136-A through 136-E received inclusive.

(So marked)

BY MR. KATZBERG:

Q How did you know who to write those checks payable to, sir?

A I received a phone call each month with instructions as to who to make the checks payable to.

Q How did you know the amount?

A I was told the name and amount.

Q Who gave you that information, sir?

A Mr. Arthur Chadwick.

Q Did there come a time when you did not go along with the party or political committee that Mr. Chadwick designated you fund?

A Yes. The first time he asked me to contribute to a Democratic organization, I specified that I would prefer to keep it within one party and contribute to the Republican Conservative and not two parties. I didn't think it made sense.

Q Did there come a time when you contributed to the Democrats?

A Yes.

Q A check dated 3/2/71, who was that made payable to?

A Glen Cove Democratic Citizens Committee.

Q 11/11/71 for $100?

A Huntington Democratic Committee.

Q Check dated 4/4/73?

A Committee for Harrison J. Goldin.

Q To your knowledge, is he a republican or democrat?

A I believe he's a democrat.

Q One more check. It's specifically 136E, who was that drawn to?

A Beame birthday committee.

Q To your knowledge, is he a republican or democrat?

A Democrat.

Q I notice there are two checks in there drawn to William Shea?

A There should be three checks in here drawn to William Shea.

Q Would you look and make sure?

A Three checks.

Q Could you give us the dates of those checks, please.

A April 19, 1971 for $100; January 19, 1972 for $200; and March 7, 1972 for $200.

Q Were those checks drawn by you as per Mr. Chadwick's instructions?

A Yes.

Q Did you ask Mr. Chadwick why you were drawing a check to Mr. Shea?

A No, I don't believe I did.

Q I want to show you a check dated 12/28/72 for $200 from Exhibit 136. Who is the payee of that check?

A Security National Bank.

Q Was that check drawn as per Mr. Chadwick's instructions?

A Yes.

Q Did you ask Mr. Chadwick why you were drawing that check payable to the bank?

A Yes, I did. I asked why I was issuing this thing to Security National Bank. He said it was for the end of the year, for November and December and it would balance up the account for the year. This is $200. He gave me no other reason.

Q How would you send them to Mr. Chadwick?

A Put them in an envelope, mark them confidential and send them interoffice. He was in another building.

Q Were there any other records available of the contributions you made other than the exhibits in 136?

A Yes.

Q What were they?

A Savings accounts.

Q I show you Exhibits 137 and 138. Look at those two exhibits and tell us whether or not you recognize them?

A Yes. These are savings accounts I set up in my name.

Q And what relation, if any, do those savings accounts have to the contributions?

A I was originally advised to open up savings accounts and put money in each payday so the money was conveniently available. I was paid every two weeks and I would put $50 in here and I would mark the months so I could keep track of the contributions.

Q Who advised you to do that, sir?

A Mr. Vandermark.

MR. KATZBERG: At this time, your Honor, the Government would offer these bankbooks bearing Exhibit Nos. 137 and 138 for identification into evidence.

MR. BANNIGAN: May I see them, please?

THE COURT: Show them to counsel.

(Exhibits shown to defense counsel.)

(Pause)

MR. BANNIGAN: No objection from the bank.

MR. COHN: No objection, your Honor.

MR. NAFTALIS: I really don't have a real objection. They are pretty harmless but they are really cumulative. I don't see that they establish anything that the checks don't. It seems to be cluttering the record. If they can demonstrate it shows something else beyond the checks --

MR. PATTISON: I think it can but I would rather not say it. If we can approach the bench --

THE COURT: I will allow it.

THE CLERK: Government's Exhibits 137 and 138 received in evidence.

(So marked)

BY MR. KATZBERG:

Q Mr. Mause, do you know an individual by the name of James Brogan?

A Yes.

Q And did Mr. Brogan work for the bank, sir?

A Yes, he did.

Q Tell the ladies and gentlemen of the jury Mr. Brogan's position at the bank.

A Vice president in charge of personnel.

Q Now, who did he report to, do you recall?

MR. NAFTALIS: Objection, your Honor.

THE COURT: I haven't been allowing that -- to whom he reported.

MR. KAZBERG: Sorry. I will withdraw the question.

Q Did there come a time in approximately March 1971, when you spoke to Mr. Brogan or he spoke to you about this matter of contributions?

A Yes, March 2nd, 1971, I remember it specifically.

Q How do you remember that date?

A I started in the bank March 2, 1970 and he never called me on the phone and he called me that date and I kiddingly said, "You're congratulating me on my anniversary."

Q What did he say?

A He made no remarks to that and said he wanted to talk to me about the political club.

Q What did he say?

A He said, "Are you aware of the political

club you are in?" I said, "Yes." "You know the operation?" I said, "Yes." He said, "I'll go over it atain," and he did -- the $500 to pay tax and the $1,200 to make contributions, $100 a month and the merit increase. He said Mr. Chadwick would call me and I said, "Yes, he called this morning." He said, "You may be asked to lay out money before time, before you get it and I objected strenuously to that. I said I had two kids in college and I had no money to lay out for political contributions ahead of time.

Q Anything else about that conversation that you recall?

A Not that I recall at the moment.

Q Now, what's the last date of the checks that you drew pursuant to the contributions?

A That was in March of '74 -- March 5, 1974.

Q Now, Mr. Mause, I want to direct your attention to approximately January of 1974. Did there come a time when you had a conversation with Mr. Clifford?

A Yes.

Q On the subject of salary?

A Yes.

Q Tell the ladies and gentlemen of the jury where that conversation took place.

A In Mr. Clifford's office.

Q Was anybody else present other than yourself and Mr. Clifford?

A No.

Q Would you tell us the conversation between yourself and Mr. Clifford at that time.

A I asked to talk to Mr. Clifford. I wanted to go over my past experience and accomplishments in the bank. I wanted to relate what I had done. I was looking for additional recognition and salary. Mr. Clifford said to me, "What's your present salary?" and I said, "$34,500 but two thousand is for the political club so my salary is more like $32,500."

Q What did he say to that?

A He made no comment.

Q Did there come a time when you no longer were associated with the bank?

A Yes.

Q Approximately when was that, sir?

A October 11, 1974.

Q Did you quit or were you fired?

A I was terminated.

MR. KATZBERG: Thank you.

I have nothing further, your Honor.

Q I believe you testified that you had a conversation with Mr. Wulffleff; is that correct?

A Yes.

Q And subsequently you spoke to a man by the name of Mr. Vandermark; is that right?

A That's right.

Q You say you also spoke to a man by the name of Mr. Brogan?

A Yes.

Q You spoke to Wulffleff, Brogan and Vandermark before you made any contributions; is that correct?

A No, I spoke to Mr. Wulffleff and Mr. Vandermark before.

Q And Mr. Brogan at about the time you started?

A Shortly after.

Q And then you began speaking to a man by the name of Mr. Chadwick; is that correct?

A Mr. Chadwick started before Brogan because he called on the first contribution.

Q You indicated, did you not, that Mr. Chadwick would have conversations with you and ask you to make checks out to various organization;s is that correct.

A That's correct.

Q You have also indicated, di you not, that after

the first or second donation, check that you wrote, you indicated to Mr. Chadwick that you, as a matter of your own preferences would prefer to make your contributions or donations to members of the Republican or Conservative party; is that correct?

A That's correct.

Q And Mr. Chadwick said that's all right?

A He said I will put you down for REpublican or Conservative.

Q From then you -- from then on you made your contributions to Republicans or Conservatives; is that correct?

A Not entirely. There were cases when he called up for Democrats and I had to make out a check for a Democrat or Democratic organization.

Q Mr. Chadwick didn't say you have to make them out for Democrats?

When you said you preferred to make them to Republicans or Conservatives he said okay, that's all right.

A He said I will put you down for Republican.

Q Let me see if I can refresh your recollection.

Do you remember when you testified in the Grand Jury on February 26, 1975?

A Yes.

Q Do you recall being asked this question and giving this answer when you were questioned by Mr. Katzberg before the Federal Grand Jury, page 21:

"Question: Did he say anything else about the club at that time?

"Answer: Only other than he asked me as far as making out a political contribtion he mentioned he started with a Democratic contribution and a Republican contribution and I said 'Well, I don't see why I should mix them. I would prefer to give to the Republican and Conservative,' he said all right, there are records to that effect.

"Question: In other words, all your contributions would be to the Conservative or Republican parties; is that correct?

"Answer" Right."

A That was my understanding at the time.

Q You made those answers to those question; is that correct?

A It sounds correct.

MR. NAFTALIS: Would you take my representation I read it accurately, Mr. Katzberg?

MR. KATZBERG: Absolutely.

Q Now, Mr. Mauze, there came a time when you were out ill for a few months, you hurt your back.

A That's right.

Q For about a six-month period in 1973 you didn't make any contributions, is that correct, from May -- June through October, more or less?

A June contribution was made, starting in July I didn't make any until I came back to work in October.

Q After your return to the bank and you hadn't made contributions for six months, you had a conversation with Mr. Chadwick and told him you'd be out with a bad back and had a lot of medical expenses; is that correct?

And Mr. Chadwick said to you you could skip three months of contributions?

A No, he didn't say I could skip. He said he hadn't had a case like that before, he would have to check into it and let me know.

Q Didn't you tell Chadwick you wanted to skip making contributions for three months because of your financial situation and he didn't object?

A I don't recall specifically telling him that I wouldn't. I remember discussing it with him at the time.

Q Let me see if I can refresh your recollection.

February 26, 1975, Grand Jury minutes, questioned by Mr. Katzberg at that time, and you were asked this question and gave this answer at Page 43:

"Question: What if any remark did you have when he asked you to draw six checks totalling $300?

"Answer: Well, I took the information and I issued the checks and said to him, as far as those three months, I said just skip the three months because I don't have the money to lay out.

"Question: What if anything did you say?

"Answer: There was no objection to it, there was no comment.

"Question: He never indicated to you that he actually checked with the individual or individuals he was supposed to check with?

"Answer: That's right."

Do you recall being asked those questions and giving those answers?

A Yes.

Q And the "he" referred to is Mr. Chadwick?

A Yes.

Q Do you recall being asked those questions and giving those answers?

A Yes.

Q Now, you testified about a conversation that you had with Mr. Clifford in January of '74 in which you indicated to him that you felt you deserved better recognition in the bank; is that correct?

A Yes.

Q You indicated to him that you were unhappy at that time, that you had not received a raise for 1974; is that correct?

A I don't know whether I said I was unhappy.

The raises hadn't come out yet, they were supposed to come out the following month or the month after.

Q In fact, you had not gotten a raise for 1974?

A Up to that point.

Q And also you had not gotten any promotions in title, had you?

A That's right.

Q You felt that you are abilities in the bank were not being appreciated?

A That's correct.

Q You went in there and actually asked if you

could get more money and a higher title?

A I went out and pointed out what I had done and felt I should get some additional recognition.

Q Based on your conversation, you never did because you never received a raise or promotion?

A I didn't receive a promotion but I received a small increase.

Q Let me see if I can refresh your recollection as to an increase in 1974 --

MR. KATZBERG: Use the original.

MR. NAFTALIS: It doesn't matter.

Q Here is the original I am showing you Government's Exhibit 35 in Evidence, which is your personnel card; is that correct?

A Yes.

Q Isn't it a fact nowhere on that personnel card does it indicate that you received any increase in 1974?

A Not on this card. This card isn't up-to-date.

MR. NAFTALIS: Do you have any additional records, Mr. Katzberg, that he did receive a raise in 1974?

MR. KATZBERG: No.

MR. PATTISON: Shall I answer him, your Honor?

May we approach the side bar, your Honor?

THE COURT: Do you want to?

MR. NAFTALIS: I am happy to take his representation at side bar or otherwise.

It is just that the document doesn't indicate anything like that.

(The following occurred at sidebar.)

MR. PATTISON: Your Honor, I believe that some time during this year, 1974, they stopped using these cards and switched to another form of record keeping, printouts of some sort, which I believe it may show on that.

Of course, the witness' recollection governs in any event. That accounts for the fact that the business card method was stopped toward the latter part of 1974, and he may have gotten a rise during that year which is not shown on that card.

MR. NAFTALIS: This is a matter of any great moment, your Honor. Obviously, if he got raises, if he was fired in October and this card was operating in '74 until the latter part, it would indicate he received no such raises.

MR. PATTISON: Ask him whether he did and if so, what?

THE COURT: All right.

(The following occurred in open Court.)

(Continued on next page.)

CROSS-EXAMINATION

BY MR. NAFTALIS: (Cont'd.)

Q Now, Mr. Mause, I think I was asking you about that conversation where you complained about the fact you didn't feel you were being recognized in the bank. Is that correct?

A Yes.

Q And I take it you didn't get any promotion in terms of getting a higher title in the bank. Is that correct?

A That's correct.

Q Nor did you get a very substantial raise after that. Is that correct?

A That's correct.

MR. NAFTALIS: Can we mark this as the next exhibit?

THE CLERK: One page document marked for identification as Defendant's Exhibit GG.

(So marked)

Q Now, I think you indicated on your direct examination when you were questioned by Mr. Katzberg, there came a time in October of 1974 when you were terminated. Is that correct?

A That's correct.

MR. NAFTALIS: We would offer this in evidence.

MR. KATZBERG: No objection.

THE CLERK: Defendant's Exhibit GG received in evidence.

(So marked)

MR. NAFTALIS: I have nothing further.

MR RYAN: No questions.

MR. COHN: No questions.

MR. BANNIGAN: No questions.

THE COURT: All right. Step down. Thank you.

MR. PATTISON: At this time, may we take a recess and discuss the matter we talked about yesterday?

THE COURT: All right.

Step inside, ladies and gentlemen of the jury. Do not discuss the case among yourselves or anyone not on the jury.

(The jury withdrew from the courtroom at 3:08 p.m.)

(The following occurred out of hearing of the jury as follows:)

MR. PATTISON: Your Honor, --

THE COURT: All right, bring the jury in.

(Whereupon, the jury entered the Courtroom.)

THE COURT: All right, your next witness.

MR. KATZBERG: Yes, your Honor. The Government calls Arthur Chadwick.

THE COURT: All right, will you step up and be sworn, Mr. Chadwick. Step over right here. Raise your right hand.

A R T H U R C H A D W I C K , called as a witness, being duly sworn by the Clerk of the Court, testified as follows:

THE COURT: Good morning, ladies and gentlemen of the jury. We are ready to proceed.

Has anyone read anything or heard anything about this case from the time you left my Courtroom yesterday until you returned now.

You have not?

All right.

MR. KATZBERG: May I proceed, your Honor.

THE COURT: Yes.

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Chadwick, in a loud, clear voice, could you tell the ladies and gentlemen of the jury if there came a time when you were employed by the Security National Bank?

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Chadwick-direct

Q A I am sorry, I didn't hear the question.

Q Mr. Chadwick, was there a time when you were employed by the Security National Bank?

A Oh, yes sir.

Q When did you start to work at the Security Bank?

A 1967.

Q When did you leave the bank? What time?

A March -- July of 1975.

Q Did you work for the bank continuously from 1967 through 1975?

A Yes.

Q Now, when you started to work at the bank, what was your title, your position?

A Administrative assistant. It wasn't a title. I wasn't an officer. Just a designation.

Q Now, when you started, who did you work for?

A I worked in the industrial credit department.

Q For whom, sir?

A For -- I believe Warren Schmidt.

Q Now, directing your attention to approximately August or September of 1970, did there come a time around that time when you moved offices to Huntington?

A Going back to '67, I was in industrial credit

for about a year in Huntington and then moved to -- I was transferred to Amityville in the business development department. And then from there I was transferred from business development to the marketing department in Huntington. And that's about the time of -- that would be before -- prior to that.

Q August or September of 1970, you moved back to Huntington; is that correct, sir?

A Right.

Q Now, who were you working for at that time? To whom were you reporting around August or September of '70?

A To the marketing department. First I was reporting to Mr. Joseph Dutra. At that time the marketing department I believe was headed by Mr. Dowd.

Q Excuse me, sir?

A By Mr. Dowd.

Q So you reported to both Mr. Dutra and Mr. Dowd? Is that what you are saying, sir?

A Yes. But primarily to Mr. Dutra.

Q Did there come a time around this time that we have been speaking about, August or September of 1970, that you were told that you would perform a role with respect to political contributions?

A I was. I was told to take care of a club, an

organization whereby people would -- names would be given to me and I would call them and ask them if they would care to contribute to a certain political function.

Q Who was the one who first told you about this role you would be playing with respect to the club?

A Mr. Dutra.

Q Now, what if anything was said about the contribution club itself? Around this time, what were you told about the club.

A Well, I was just told that this would be a club to raise funds for the political solicitations.

Q Anything else that you recall?

A Nothing specific.

Q Do you recall being told who was making the contributions?

A I was given a -- a list initially.

Q A list of what?

A Of the names of the people in the club.

Q Now, is it fair to say that that list was comprised of officers of the bank, sir?

A Yes.

Q Now, was anything said to you at that time by anyone as to where the officers were getting the money from?

A No.

Q No recollection of that at all, sir?

A No.

Q Let me see if I can refresh your recollection. Okay, sir. You remember testifying in the federal grand jury on June 11, 1975, sir?

A Yes.

Q Do you remember that?

A Yes.

MR. BANNIGAN: I object to his reading.

THE COURT: No, he's not reading.

MR. BANNIGAN: It's his witness, he can show it to him. He can't read it to the witness -- read the testimony out loud.

MR. KATZBERG: All I was going to do is to show this to him to see if it refreshes his recollection.

MR. BANNIGAN: Not to read it?

MR. KATZBERG: No.

MR. BANNIGAN: I thought you were going to read it. I am sorry.

Q Do you remember testifying on that day, June 11, 1975?

A Yes.

Q I want to show you Page 63 of that transcript. I want you to read that page and tell us whether or not that

refreshes your recollection?

A Oh.

Q Read it to yourself. Not out loud. I ask you to read that carefully and tell us whether or not that refreshes your recollection.

A Yes.

Q As to whether or not you were told anything about where the money was coming from?

A Right. That it was a -- it was a voluntary personal method.

Q Who told you the contributions were voluntary and personal?

A Well, Mr. Dutra and then Mr. Dowd.

Q Thank you, sir.

Now, when you say personal, could you tell us what you mean?

A That it would be --

MR. RYAN: Objection.

MR. BANNIGAN: Objection.

MR. COHN: Objection.

MR. BANNIGAN: What they said to him.

THE COURT: Yes. What they said to him.

Q Could you tell us what you were told in that regard by Mr. Dowd and by Mr. Dutra?

A That it was a voluntary -- voluntary club.

Q With respect to where the money was coming from, sir.

A That --

MR. RYAN: Objection. I don't think there was any testimony from this witness. In fact, he testified as to nothing to that fact.

THE COURT: I will allow it. Go ahead.

You may testify.

THE WITNESS: That it was voluntary. It would be from the -- from themselves.

Q Thank you.

Now, did there come a time after you were first given this information by Mr. Dutra and Mr. Dowd that you began to play a role with respect to these contributions, sir?

A Play a role?

Q Yes. Perform a function.

A Yes. After that, then I was given the names and I called the different people for whatever I was directed to do.

Q Did you finish your answer, sir?

A Yes.

Q Now, could you tell the ladies and gentlemen of

the jury precisely what your function was, precisely what you did at this time in general.

A In general, I was given names of my superior officers to contact, to call and get some -- get money. I would ask them if they would be willing to contribute to it, certain parties for a certain amount. And simultaneously I was also given names of organizations and amounts to be -- to be given the moneys to.

Q Who would give you the organizations that would receive the contributions and the amounts? Who would give you that information?

A Well, they would come in -- come in from all various sources. Wherever the solicitations -- sometimes the solicitation would come to a contact officer. And he would refer it to his superior or he would refer it to me. And if it were -- if it were referred to me, I would refer it to my immediate supervisor.

Q Who was that?

A At that particular time, Mr. Dutra.

Q Did you ever discuss or were you -- did you ever have any discussions with Mr. Dowd about the recipients of these contributions?

A From time to time, if Mr. Dutra weren't available, I might question Mr. Dowd.

Q Now, once you got the information as to which political organization or candidate was to receive the money, either from Mr. Dutra or Mr. Dowd, or on paper, what would you do then?

A I would -- depending upon the instructions, I would see that the -- I would collect the funds and then see that they were disbursed to wherever I was directed.

Q From whom would you collect these funds, sir?

A From the people on -- in the club.

Q Now, during the period of time that you performed this function, did you ever request any officers to write any checks on your own, sir, without instructions from someone else?

A No.

Q Is it fair to say that everything you did with respect to this --

MR. COHN: I object to, "was it fair to say." Let the witness say.

THE COURT: Yes. The preface is bad.

Yes.

THE WITNESS: I had no authority or responsibility to act on my own.

Q Now, Mr. Chadwick, did you maintain any records during this period of time, from 1970, approximately

September of 1970 on?

A Yes. I just kept information to -- specifically the lists of names of who was in the club and from whom I would -- would ask for funds.

Q Can you generally describe to the ladies and gentlemen of the jury the kind of records that you did maintain?

A Well, they were -- they were not like regular bank records to the extent that they weren't -- you know, thoroughly accurate or photostated or anything like that. This was my initial impression and understanding of the whole system, that it was voluntary. And I kept it that way in a voluntary, private manner, and --

Q Well --

A I just kept mostly penciled notes and things like that.

Q Did you have a listing of the club members in your records?

A Yes.

Q Did your records also contain what moneys you received from what officers?

A Yes.

Q Did your records also contain where the money was going, which political committee, et cetera?

A Yes.

Q Did your records also contain the dates that the money went to those committees?

A Right.

Q Did your records also contain --

MR. COHN: If your Honor please, he has the records and I don't think he should lead the witness as to what the records contain. My understanding is that they are going to be offered in evidence and the jury can see them. I object to this type of examination.

THE COURT: He has a right to lay a foundation. That's all he is doing.

MR. KATZBERG: That's all I am trying to do, your Honor.

THE COURT: All right.

Q Now, Mr. Chadwick, I want to show you some items and I want to show them to you and ask you if you recognize what they are.

Let me first show you what has been marked as Exhibit No. 84 for identification. I want you to look at that, sir, and tell us what that is, if you recognize it.

Have you inspected it, sir?

A Right. These are the '74 records of the

individual members of the club.

Q Was that record prepared and maintained by you, sir?

A Yes.

Q This is part of the records you have just been telling us about; is that correct?

A Yes.

Q For what year?

A '74.

Q I want to show you Exh-bit 85 for identification. Look through that and tell us whether you recog ize that.

A These are also '74 records of the political organizations.

Q Who received the funds?

A Right.

Q This likewise was prepared and maintained by you, sir?

A Yes.

Q For the year '74?

A Right.

Q I want to show you Exhibit 86 for identification. It states, daily log. Could you look through that exhibit and tell us whether or not you recognize that, sir.

MR. NAFTALIS: What number?

MR. KATZBERG: 86.

While Mr. Chadwick is looking through 86, to save time, the Government will offer into evidence at this time, your Honor, Exhibits 84 and 85.

Your Honor, may I have permission to do it this way to speed up the process?

THE COURT: You may.

MR. KATZBERG: Thank you.

THE WITNESS: These are the records for '71 and '72 of the political organizations who received funds.

(Continued next page.)

BY MR. KATZBERG:

Q Now, were these records maintained by you as well as part of the records youtold us?

A Yes. With the exception of the first few pages.

Q Where did you receive the first few pages?

A These were from Mr. Dutra's secretary.

Q And the rest you wrote? Besides the first few pages; is that correct?

A Yes.

Q And the rest of the papers --

MR. COHN: I can't hear any of this. I lost about the last two or three questions.

MR. KATZBERG: I'm sorry, Mr. Cohn.

Q YOu told us that the first two pages you received from Mr. Dutra's secretary; is that correct?

A Yes. First three pages.

Q First three pages. Thereafter, are the rest of the pages in that folder marked daily log, were they written by you, sir?

A Yes.

Q Now, the first three pages, were they maintained by you as part of this record?

A No. They were written by someone else.

Q No. I didn't ask you if you wrote them. I

asked you if you maintain them as part of the records.

A They were given to me.

MR. NAFTALIS: What exhibit are you looking at?

MR. KATZBERG: This is 86 for identification.

MR. NAFTALIS: Fine. Thank you.

Q Now, this exhibit contains, does it not, the names of organizations; is that correct, sir?

A Yes.

MR. COHN: If your Honor please, if the exhibit is going to be offered in evidence, then I ask that the exhibit speak for itself.

MR. KATZBERG: I want to lay a foundation.

THE COURT: All right. Offer it.

MR. KATZBERG: The Government would also offer Exhibit 86 into evidence.

MR. BANNIGAN: Your Honor, I am not going to object nor consent to the admission until Mr. Katzberg has identified all the records, and then I would like to have a short voir dire with the witness before I make any objection.

THE COURT: All right.

Q Mr. Chadwick, I want to show you Exhibit 87 for identification. Could you read the label on there, sir?

A The label says, WJ and F Powell.

Q Will you look through that document and tell us whether or not you recognize that.

A This appears to be the information, 1970 to 1972, about the proceeds of a loan from Mr. Shea, and also the proceeds of a loan from Mr. Powell.

Q Are these also part of the records you kept and maintained?

A Not this part. This -- again, this part was.

Q Not prepared by you?

A Not prepared by me.

Q But the rest -- the bottom half of the first page and the other two pages were prepared by you?

A Right.

MR. KATZBERG: Again, the Government would make the same offer with respect to Exhibit 87 into evidence.

Q I want to show you Exhibit 88 for identification. And it's marked, paid organizations; is that correct, sir?

A Yes.

Q I would like you to look through that exhibit and tell us whether or not you recognize that.

A These appear to be the organization -- political organization names, and then amounts paid to them. It appears to be from 1970 to 1972.

Q Will you speak up a little louder, Mr. Chadwick.

I'm not too sure your voice is carrying.

Are those part of the records that you kept and maintained, sir?

A Again, some of them are not in -- some of them I did not write up. Some of them were subsequently transferred to me. Right.

Q The parts that were not in your handwriting, did you maintain those as part of your records anyway even though you didn't write them?

A Yes. They were given to me. Right.

MR. KATZBERG: The Government would make the same offer with respect to Exhibit 88.

Q Mr. Chadwick, I want to show you Exhibit 89 labeled, individual accounts; is that correct?

A Yes.

Q Will you look through that and tell us if you recognize that.

A Yes. In a similar fashion as the others, these are the information of the individuals in the club covering the period from 1971 and '72. And then as in the other cases, there were some original -- initial information done by someone else which was transferred to me.

Q Now, with respect to the individuals, what information is contained on there with respect to the individual

club members?

A The amount of money that they gave.

MR. COHN: Again, your Honor, may I object? The documents will speak for itself.

MR. KATZBERG: I think this is a necessary foundation.

THE COURT: I think it's a foundation question. All right.

THE WITNESS: The amount of money that was given to a particular -- or political organization.

Q Thank you, sir.

And the date as well?

A Well, the month.

Q Thank you, sir.

MR. KATZBERG: At this time the Government would offer Exhibit 89 into evidence.

Q Now, Mr. Chadwick, you indicated before that part of the records that you maintained in this regard, in this connection, were correspondence; is that correct, sir?

A Yes.

Q Now, other than the records we have already identified, the running list so to speak, did you maintain any of those summary records or compilation records?

A Well, occasionally from time to time I might

have been asked to provide some specific information either from a member of the club or from a supervisor.

Q I want to show you Exhibit 91 for identification. And I ask you if you can recognize that?

A This, I am not quite sure. This isn't my handwriting. I don't know whose it is.

Q You don't recognize that at all? Never saw it at all?

A I don't think I have ever seen this.

MR. KATZBERG: Then I will withdraw it, your Honor.

THE WITNESS: No, I don't think I have ever seen that.

Q Thank you, sir.

What about Exhibit 93?

A This is my handwriting. Summation.

Q For what year, sir?

A '71 and '72.

Q Okay. What about Exhibit 94?

A This, too, is a summation which I was asked to prepare for '72 and '73.

Q What about exhibit number 95, sir? Look through that and tell us if you recognize that.

A This, I don't know. I don't have any recollection

of this. I don't know what that is. But clipped to is are some information. Some information that I had prepared. This might be a summation of this. I don't know.

Q In other words, the bottom documents you recognize, and the top ones you don't?

A I might have provided this and someone may have made -- can I look at it or --

Q Go ahead.

A I don't know. I don't know. It may be a summation of this. A summation of the bottom.

Q All right. I want you to look at Exhibit No. 96 and ask you whether you recognize that, sir?

A Yes. This is my handwriting. This is a compilation.

Q Compilation of what, sir?

A Of the names of organizations who received funds for '71, '72 and '73.

Q Exhibit 97, do you recognize that?

A Yes. This is also a compilation of information. It says here, August 7th. And including September, '73.

Q Did you draw up that compilation yourself?

A Yes.

Q Looking at Exhibit 98, it says, as of 4/30 from Arthur Chadwick. Do you recognize that?

A Right.

MR. NAFTALIS: Which one are we up to?

MR. KATZBERG: 98.

Q Is that also one of the records that you maintained and prepared?

A Right.

Q Looking at Exhibit 102, look through the entire contents and tell us if you recognize that as one of the records that you maintain.

A Well, this is a routing slip which I didn't prepare. This is --

MR. COHN: I am sorry.

MR. KATZBERG: He said the routing slip, he did not prepare.

Q Could you keep your voice up, Mr. Chadwick?

A I'm sorry. I am talking down.

This is a printed invitation from the political party soliciting funds for a function. And this is a memo of which I -- I didn't prepare, but was given a copy.

Q Whose handwriting is that alongside there?

Let me rephrase that.

Is it your handwriting on --

A Some of it is my handwriting. Some of the notes are mine.

Q Now, you indicated that there came a time when you received information about a loan from Mr. Shea; is that correct?

A Yes.

Q Did you play any role with respect to the repayment of Mr. Shea?

A Yes. After I was asked to begin this project I was given the information that there was a balance of about $7500 owed Mr. Shea.

Q Now, I want you to look at 104, 105 and 106 for identification, and tell us if you recognize those documents, please.

A Right. This is a memo to Mr. Shea's secretary.

Q Concerning what, sir?

A Concerning repayment of the loans -- funds -- funds in repayment.

Q Those were also maintained by you, sir?

A Not this. I don't know.

Q What about 104 and 105? Did you write those?

A Those two.

Q 106, was that part of your file, too?

A I don't think so. I don't think --

Q No.

MR. KATZBERG: Then I will withdraw that, too,

Mr. Naftalis. I am withdrawing 106. The witness does not recognize it.

Q Looking at 107, do you recognize that?

A Yes. This is a memo I prepared.

Q Looking at 109, do you recognize that?

A Yes. This is a memo.

Q And is that part of your records?

A Right. Well, I prepared it and sent it out. I didn't maintain it.

Q Looking at 110, do you recognize that?

A This is a -- yes. It has -- I have some notes on here.

Q That's your handwriting?

A At one time or another, I had that.

Q Looking at 113, do you recognize that, sir?

A Yes. This is a printed invitation from a political party soliciting -- these are all printed invitations. Right.

Q Also part of the records?

A No. I don't have any notation on here so I don't know if it would be.

Q Look at the bottom line. Does it say --

A But this is not my handwriting.

Q Is that addressed to you, though, sir?

A No. It's addressed to a Mr. C.

THE COURT: You better keep it up. You're having a private conversation.

MR. KATZBERG: I'm sorry, Judge.

THE COURT: You are not doing us any good.

Q Do you recognize Exhibit 115, sir?

MR. NAFTALIS: 113 is withdrawn?

MR. KATZBERG: Yes.

THE WITNESS: Yes. There are some -- these are attached to it. I prepared this. And this is a photostat of a letter and it's -- someone has written on there that it's for me for my file.

Q What about 116?

A 116, yes. That's another letter for a solicitation that was sent to me for follow through.

Q What about 120?

A Yes. I recognize these.

Q And 114?

A This is another solicitation. I don't know if there were -- many times there were many of these that were sent. I don't know if this was one of mine or what.

Q Can you identify -- have you seen that before, sir?

A I have seen something similar to it. Whether --

Q This is a xerox copy; is that correct?

A Yes.

Q What about Exhibit 121?

MR. NAFTALIS: Are you withdrawing 112?

MR. KATZBERG: He recognizes it.

MR. NAFTALIS: He says he may have seen --

THE COURT: Yes.

MR. KATZBERG: Well --

THE COURT: That's what he said.

MR. KATZBERG: If you want, I will withdraw it.

MR. NAFTALIS: Yes.

(Continued on next page)

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BY MR. KATZBERG:

Q What about 121 for identification?

A Right, this is a cover sheet prepared -- which I sent out.

Q What about?

A The attached are just copies of the printed invitations.

Q What about 101, do you recognize that, sir?

A This would be a copy prepared -- I am not sure if I prepared it.

Q Well, there is a notation in the upper right-hand corner. Whose handwriting is that?

A That's mine.

Q How about on the second page, is there a notation?

A Right.

Q Is that your handwriting?

A Right, I probably had it prepared. I don't recognize the type. It doesn't look like the one we had.

Q But the handwriting is yours?

A Yes.

Q Could you read to the jury the words that you wrote?

MR. NAFTALIS: Objection it is not in evidence

He knows that.

MR. KATZBERG: I am sorry.

At this time the Government would offer into evidence exhibits 101, 121, 120, 116, 115, 110, 109, 107, 105, 104, 102, 98, 97, 96, 95 excluding the top page, 94 and 93.

MR. RYAN: Are they necessary for your examination? May we look at them while you continue your examination?

MR. KATZBERG: Your Honor, may I proceed with the examination of the witness while counsel are looking at the exhibits?

THE COURT: Yes.

BY MR. KATZBERG:

Q Mr. Chadwick, other than yours -- looking at the various records that you have identified to us -- to your knowledge who had access to the records?

MR. NAFTALIS: I object. I think the proper question is:

Did you ever show it to anyone or did you observe anyone seeing them?

THE COURT: He understood the question he asked him. He may answer it.

A Well, obviously the records were available to

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my supervisors.

Q Could you tell the ladies and gentlemen of the jury who your supervisors were, beginning from September, approximately, of 1970?

A First supervisor is Mr. Dutra, Mr. Dowd and Mr. Casey, and then Mr. Stefan and Mr. Burke.

Q B-u-r-k-e?

A Right.

Q Now, one of the records you have already identified related to a loan by Mr. Powell?

A Yes.

Q Did there come a time when you opened up a bank account at the bank -- a checking account?

A Yes.

Q In that connection, sir, I want to show you Exhibit 123 and ask you to look at that and tell us whether or not you recognize it?

A Yes, these are the records for the account that was only for a three-month period.

Q Who told you to open up that account, sir?

A Mr. Dowd said that I would be receiving a check from Mr. Powell and to use it for the funds to disburse because we had such a backlog.

Q And whose account was that, sir? In whose name

was it opened?

A I was instructed to open it up in my name, Arthur Chadwick, Special Account.

MR. KATZBERG: At this time the Government would offer Exhibit 123.

MR. RYAN: May I see it, please?

(Shown to counsel.)

MR. RYAN: I have no objection.

Would you gentlemen like to see it?

Q Now you also mentioned earlier in your testimony that you kept the records with respect to the repayment of Mr. Shea; is that correct?

A Yes.

Q When for the first time did you learn of Mr. Shea's loan, approximately?

A I don't recall the exact time, but it was shortly after I had been instructed to set up the club procedure.

Q Now, you told us before that you played two functions with respect to repaying -- having that loan repaid; is that correct?

A Right.

Q Now Mr. Chadwick, to your knowledge would you tell us how and in what manner that money was repaid to Mr. Shea?

A I would call up the members of the club and ask them if they would write a check for Mr. Shea.

Q To your knowledge was a bank check ever used to repay Mr. Shea?

A To my knowledge, no.

Q Did there come a time when Mr. Shea was repaid, by the way, in full?

A I believe so, according to the information I have. There was a certain amount due and I believe that amount was finally paid.

Q Now, Mr. Chadwick, I want to direct your attention to October of the year 1972.

Did there come a time when certain bank checks were issued for political contributions?

A Yes, there were.

Q Now, could you tell the ladies and gentlemen of the jury how that came about?

A Well, we were pressed for funds and I believe that problem was a special election year and there was need for a lot of funds and there was no way we could catch up and people were calling and they wanted to know where their money was. We had no immediate funds.

Q When you say "people were calling," who do you mean?

A In some cases some of the political parties would call and wonder where their money was, and in the process of being questioned about producing funds one of the parties suggested that we should write a bank check as most everybody else did.

Q Just tell us what happened in the bank with respect to these bank checks, please.

MR. NAFTALIS: Could he identify who told him? We'd like to know who told him it was okay to write the checks?

THE WITNESS: In that particular case it was a bookkeeper from the Nassau County Republican Party.

Q What was her name?

A Eleanor Pinto.

Q Did there come a time when you discussed the issuance of these bank checks by Mr. Stefan?

A Yes, I passed the information onto him or what was suggested that we do and he said, "It sounds like a good idea. Maybe we should do it?"

Q Did there come a time when you actually got those bank checks issued?

A Yes, and delivered them.

Q Who did you give them to?

A Eleanor Pinto.

Q Now, how many checks were involved, do you recall?

A I am not quite sure, two or three.

Q Do you recall the amounts?

A I can't recall them exactly. You probably have the checks.

Q I want to show you three exhibits already in evidence, 135, 134, 133, and ask you to look at them and tell us if you recognize them?

A Right, those are the checks.

Q Those are the bank checks at that time?

A Right.

MR. KATZBERG: Thank you, sir.

Q Now, Mr. Chadwick, did there come a time when you heard anything else with respect to these bank checks that were issued in October of 1972?

A Well, Mr. Stefan told me that the checks would have to be rescinded and replaced. I'd have to get similar amounts from the members of the club to replace those amounts, because Mr. Clifford didn't think -- didn't approve of the idea.

Q Now, did you ever ask Mrs. Pinto for the money back?

A I don't believe so. I believe the checks had

already been processed.

MR. KATZBERG: At this time I want to refer to Exhibit 86 and that is why I would move its admission now, so I can show it to the witness and have him refer to various entries therein.

THE COURT: All right.

(Document shown to counsel.)

MR. BANNIGAN: The bank has no objection to 86.

MR. COHN: May I have a minute, your Honor?

THE COURT: Surely.

(Pause.)

MR. NAFTALIS: Mr. Clifford has no objection to Exhibit 86, your Honor.

MR. COHN: No objection by Dowd, your Honor.

MR. KATZBERG: May Exhibit 86 be marked into evidence?

THE COURT: Yes, mark it into evidence.

THE CLERK: Government's Exhibit 86, previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: Thank you, sir.

Q Mr. Chadwick, I want to show you Exhibit No. 86 now in evidence. That is the daily log; is that correct?

A Yes.

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Q You told us before that this was the running record that you kept; is that correct?

A Correct.

Q This is what we looked at before?

A Yes, right.

Q Now, I want to show you -- we will start with Page 20 of this record. Read the next to last entry on Page 20, please?

A Under the column "organization" it says "Contributions for committee to reelect Bernard Meyer."

Q To the left of that it says "September", is that correct?

A Yes.

Q And there are two sets of initials underneath "September."

Could you give us those initials?

A "DD" and "TJC."

Q Who is "DD"?

A David Dowd.

Q And who is "TJC"?

A Thomas J. Casey.

Q Now, when you put initials in the margin of these contributions that you listed, would you tell us what the presence of those initials denoted, if anything?

A Well, if I am not mistaken I think there was a period of time here beginning -- the records prior had no initials in the column. About March of '72 through September of '72 there was a period where I made notations of initials, because I think at that time Mr. Dowd indicated that he would like to see what was going on and just make sure, you know, that he knew -- was advised of the organization.

Q What do the placing of those initials of Mr. Dowd and Mr. Casey denote with respect to that contribution to Bernard Meyer?

A That I had touched base with them that they knew about it.

MR. KATZBERG: Thank you, sir.

Q Now, going back to that page in the Meyer contribution, what were the amounts of the contribution?

A $500.

Q Who actually delivered the contribution, according to the record?

A According to what it says here, after I collected the checks, I gave them to Mr. Casey.

Q Does it have the date that those checks were paid, sir?

A It has a date in the date pending column, but it didn't always necessarily mean --

Q That's an approximate date?

A Yes.

Q What is that date?

A The date here says September 6th.

Q I am turning the page, Mr. Chadwick, and I am going to Page 22 of this exhibit and again I want you to look at the bottom of that page, the third item from the bottom, and could you read to the ladies and gentlemen of the jury what that entry is?

A Says here "Nassau County Republican Nixon Rally."

Q What is the amount of that contribution?

A $1,000.

Q What is the date?

A October 23rd. That could be the date of the function. I am not sure, or the date of the origination of the request.

Q Who did the check go to?

A The check was E. Pinto.

Q I notice in a lot of these entries you list which individual checks comprised the contributions; is that correct?

A Yes.

Q Is such a notation present for the Nixon rally, Nassau County Republican?

A No.

Q Do you know who that money was paid to, sir?

A Those are the checks that you showed me.

Q The thousand dollar bank check, sir?

A Yes.

Originally it was, you know, recalled -- the amount was recalled.

Q What you are saying, and correct me if I am wrong, that the thousand dollars here is one of those bank checks in October of 1972; is that correct?

A Right.

Q Now the notation immediately below that, what is that entry?

A "Committee for election of Sol Rockler."

Q What is the date there?

A October.

Q What is the amount?

A 2,500.

Q Are the individual club members listed there?

A No.

Q Do you know how that contribution was made, if you recall?

A I believe that was one of those -- one of those bank checks.

Q Who was that given to, according to your records?

A E. Pinto.

Q Finally, Mr. Chadwick, with respect to this exhibit, I want you to look at Page 24 and can you read off the very first entry on Page 24?

A Date "September 11th" the "Organization Friends of Angelo Roncallo, Candidate for Congress."

Q Does it also list which contributors gave checks for that?

A Right.

Q And how much was the total amount of the contribution?

A $1,000.

Q Well, what was the date that it was paid, according to your records?

A October 1, 1972.

Q Would you look at that again and see if you're reading it right?

A Oh, 1/10/73, take your pick.

Q Which is it, can you tell us?

A It is probably January -- yes, January 10th, 1973.

MR. KATZBERG: Thank you.

THE WITNESS: Sometimes I do it the European way.

Q Now, Mr. Chadwick, during the course of time that you performed this function with respect to the contributions, you would regularly receive the checks of the club members; is that correct?

A Yes, as I asked for them.

Q Those checks would be written as per your instructions -- your requests?

A Yes. They were all senior officers and I could never instruct them.

Q Mr. Chadwick, during this period of time, did you come to learn -- did you come to recognize these checks and the handwritings of the various officers who would supply you checks, sir?

A Yes.

Q I want to show you a number of exhibits, sir, and for the record they are 124, 125, 126, 127, 139, 140, 141, 142 right on through 155 for identification.

MR. KATZBERG: I ask the Clerk to mark another envelope as 156 for identification.

THE CLERK: Marked for identification as Government's Exhibit 156.

(So marked.)

MR. KATZBERG: Your Honor, maybe we can save time rather than having him inspect every check in every envelope now.

Q (Continuing.) Have you seen these checks before in these envelopes?

A Yes.

Q I showed them to you?

A You showed them to me, right.

Q About how long ago was that, do you recall?

A A couple of weeks ago?

Q Right.

Were you able to identify those checks contained in those envelopes?

A Yes.

As I indicated we didn't keep -- these weren't kept like regular bank records. I didn't keep like check numbers. I didn't record date them or anything like that.

As we looked at them, there were checks in there that were personal checks.

MR. KATZBERG: Perhaps we could do this --

MR. NAFTALIS: May he finish his answer?

Did you finish?

THE WITNESS: Yes.

Q Rather than take the time of looking through

them now, I only want them identified. Perhaps during the luncheon recess the witness can be given the exhibits and take out whatever checks he does not recognize as the checks that were requested by him and which he received, and then I will have them -- I will just state on the record that he identifies those checks and we will save a lot of time.

THE COURT: Yes.

Q Mr. Chadwick, did there come a time in approximately April of 1974 when you were subpoenaed into the federal grand jury?

A Yes.

Q Did that subpoena you were served at that time ask you to produce any documents?

A Yes, personal checks and any of my records that would pertain to the Long Island Public Affairs Club or in connection with any political -- I forget what it said.

Q Let me show you something which may refresh your recollection as to what the subpoena said to you.

(Document shown to witness.)

Q Specifically Item 3.

A All books, records, memoranda --

Q You do not have to read it. Just read it to yourself and tell us if it refreshes your recollection as to what items you were required to produce?

A Right.

Q Does it, sir?

A Yes.

Q What items in addition to the ones that you have already mentioned, were you also asked to produce?

A In addition to the ones I mentioned, books, books of records and information in connection with political contributions.

MR. KATZBERG: Thank you, sir.

Q Now, there came a time when you appeared before the grand jury; is that correct?

A Yes.

Q And with respect to that request for all records pertaining to the contributions, did you produce anything, sir?

A I produced the 1974 --

Q For the record that is Exhibits 84 and 85?

A Yes.

MR. KATZBERG: May I have one moment, your Honor?

THE COURT: Yes.

(Pause.)

MR. KATZBERG: I have nothing further at this time. I would like to offer all of the exhibits into evidence at this time.

THE COURT: All right, do you want to start cross-examination at this point?

MR. BANNIGAN: I think you told us earlier that you would give us five minutes.

THE COURT: All right.

MR. NAFTALIS: Also there are a lot of records here and some were offered and some were not. Would it be possible if we could take an earlier lunch and start earlier in the afternoon, so we may look at the records over the luncheon recess? We do not want to inconvenience your Honor.

THE COURT: No inconvenience to me.

All right, 2:00 o'clock. Keep an open mind.

(Luncheon recess taken.)

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1 AFTERNOON SESSION

(Jury not present.)

MR. KATZBERG: May the witness resume the stand?

THE COURT: Yes.

MR. KATZBERG: I believe the Government had offered into evidence various exhibits and the defense counse wanted to look over them during lunch to see what objections they had.

MR. NAFTALIS: As to most of them, at least as to Mr. Clifford, I have no objection.

As to a few of them, I'd like to question the witness briefly on a voir dire.

THE COURT: All right. Bring in the Jury and you can question him.

MR. KATZBERG: I have no objection either way.

THE COURT: In lieu of cross-examination for the time being?

MR. NAFTALIS: Right, prior to cross-examination.

THE COURT: Okay.

MR. KATZBERG: Mr. Chadwick, over the luncheon recess, looked at the checks of the individual club members.

Mr. Harrington went through it with him.

All the ones in the envelope were ones Mr. Chadwick

was able to identify. There is a stack of checks he was not able to identify and those have been segregated out.

THE COURT: All right.

(Jury present.)

THE COURT: Good afternoon.

You may question on voir dire.

MR. NAFTALIS: Thank you very much, your Honor.

A R T H U R C H A D W I C K , called as a witness, having been previously sworn by the Clerk of the Court, resumed the stand and testified further as follows:

VOIR DIRE EXAMINATION

BY MR. NAFTALIS:

Q Good afternoon, Mr. Chadwick.

Let me show you a document which is marked as Government Exhibit 121 for Identification, sir?

A Yes.

Q Now, on the toppiece of paper. there is certain handwriting; is that correct?

A Yes.

Q Is that in your hand?

A Yes.

Q Then there are two pieces of paper with no

handwriting; is that correct?

A Right.

Q Then there is a fourth piece of paper with some handwriting on there also?

A Right.

Q Is that your handwriting?

A It could be. I am not certain.

Q Now, you have seen at least a portion of this document before; is that correct?

A Yes.

Q And isn't it fair to say that only the top document and last document were together when you saw them?

MR. KATZBERG: Objection, your Honor.

Ask the witness if he recalls whether or not they were together.

Q Were all four of those documents tapled together when you saw them, sir?

A I really can't recall. It could be that they were not.

Q Do you have any recollection of those four documents being stapled together when you saw them or sent them to anybody?

A If I sent -- no, I don't have any recollection.

Q So you have no recollection of having seen all four of those documents stapled together, sir; is that correct?

A Not necessarily in this order.

Q Now, I think -- is it fair to say that this top document and the bottom document, were those two documents together, to the best of your recollection?

A It could be. Usually this would be sent to the person attending the function.

Q This, meaning the top document?

A The top, right.

Q Right.

A And usually included in it was a copy of the invitation or a photostat of the invitation.

Q That is the bottom document?

A That's right. But this wouldn't be sent because this is like an order form for purchasing tickets.

Q So, in other words, the second document would not have been sent to the individuals in the bank by you; is that correct?

A No, no.

MR. NAFTALIS: We would therefore ask for the exclusion of the two middle documents which he has no recollection of having see, nor did he

indicate they would be sent by the bank.

MR. PATTISON: But they would be used in the normal course of work, stapled or not.

THE COURT: Would they be used in the normal course of work?

THE WITNESS: Not necessarily or not usually.

THE COURT: All right. The middle two will be removed and the rest received.

MR. KATZBERG: If your Honor wants to look at them, they are all part of the same --

THE COURT: I know but he doesn't recognize that they would be used, and he is giving the testimony.

MR. KATZBERG: No objection.

MR. NAFTALIS: Would you remove the middle two documents and put --

(The Clerk complies.)

BY MR. NAFTALIS:

Q If you don't mind, Mr. Chadwick, let me see if I can show you another document marked 102 for Identification, a document that consists of three separate pieces of paper stapled together.

A Yes.

Q Why don't you peruse all three of them and

then I will ask you some questions.

A All right.

Q Have you had a chance to look at them?

A Yes.

Q The first document here, this little slip of paper, to your recollection, do you have a specific recollection of ever seeing that document?

A I don't have a recollection of this one. I don't know the nature of it.

Q How about the second document?

A This is an invitation which I could have received or seen. It is a printed invitation. I don't recall.

There is some writing on it but it is not mone. It could be from some other source.

Q And the third piece of paper, do you recall seeing that?

A This one I have seen. I may have used it to make notes for this particular request.

Q The third one you specifically recall seeing, though?

A Yes. There is some indication that some of my handwriting is on that.

MR. NAFTALIS: We would ask that the first

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document of these three be excluded because he has no recollection of ever seeing the top slip.

MR. PATTISON: May I see it, please?

(Document handed to Government counsel.)

(Pause.)

MR. PATTISON: May I --

THE COURT: Sure.

DIRECT EXAMINATION

BY MR. PATTISON:

Q With regard to the second record here, the printed card, does the third document make reference to the second?

In other words, by its terms, does it make a reference to it?

A Right, right.

Q The same event?

A Yes, it is the same event.

Q And in your normal course of work, would you or would you not periodically attach materials to each other, staple them?

A Sometimes yes and sometimes no.

You see, I couldhave received half a dozen or a dozen of these from all different sources. These are printed announcements and printed solicitations.

Q Would you maintain one of these, not all of them, of course, but one of them for your own files?

A Usually, until the event is staffed and then I would usually discard it.

Q But in this case, it is attached, is it not, to another record prepared by you; is that right?

A Right, but there are some other notations on here so I don't know whether my records are the last ones or this went on to someone else, sir. I am not sure.

Q Sir, does not the first document and the third bear any reference to each other -- that is, the list of names thereon?

MR. NAFTALIS: I object. That is irrelevant.

What is relevant is whether or not he's seen that other document or attached it.

MR. PATTISON: Business records need not have been seen, not of the bank, no.

THE WITNESS: I don't know offhand. It appears to me this might have been --

THE COURT: I can't hear you. You can't have a private conversation.

THE WITNESS: Offhand, it appears this memo was between these two people and this memo is a reply to the first.

BY MR. PATTISON:

Q Is in reply to the first; is that right?

A It seems that way.

MR. PATTISON: I would move all the records into evidence at this time on the ground they have been maintained and used.

THE COURT: I will allow it.

THE CLERK: Government Exhibit 102 previously marked for identification, marked in evidence.

(So marked.)

VOIR DIRE EXAMINATION

BY MR. NAFTALIS (Cont'd):

Q Let me show you what is marked 110 for Identification.

Do you recall seeing that document before?

A Yes. This I have seen.

MR. KATZBERG: Keep your voice up, please.

MR. NAFTALIS: Ignore the fact I am next to you. Speak so all the ladies and gentlemen can hear you as well as myself.

Q There is certain handwriting on there. Can you identify the handwriting?

A Yes. All the handwriting is mine.

Q Including the red lines?

A No, not the red lines.

Q Do you know whose that is?

A No.

MR. NAFTALIS: Your Honor, we would move to exclude the red lines then.

MR. PATTISON: May I see it, please?

(Handed to Mr. Pattison.)

MR. PATTISON: We will not object, your Honor. The red lines may be excluded in any way --

THE COURT: All right.

MR. KATZBERG: May the document be marked with that deletion?

THE COURT: Yes.

THE CLERK: Government Exhibit 110, previously marked for identification, marked in evidence as indicated by the Court.)

(So marked.)

BY MR. NAFTALIS:

Q I show you 115 for Identification, sir, and I ask you, sir, whether or not any of the handwriting on the first page of this -- I think it is a three document exhibit -- isyours?

A I can't be certain. Therse numbers here may be mine. I believe that handwriting is mine but this date is not mine.

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Q Now, how about that handwriting here, is that yours?

A No, it is not.

Q How about on this page, the second page?

A This is all mine with the exception of this and this.

Q When you say this and this, you mean this line here (indicating)?

A No, just this and this (8ndicating).

Q That is somebody elsds?

A Yes.

Q And how about this?

A That is all my handwriting.

Q Turning back to the front page, can you identify the handwriting on the front page which is not yours?

A I am not certain but this may be Mr. Dowd's. I can't be certain who that is.

MR. KATZBERG: Will the witness continue to keep his voice up? I'm sorry. I am having trouble.

A This may be Mr. Dowd's but I am not certain whose this is.

Q There is a reference to R. D. J. Could that

be Mr. Rex Johnson?

A Yes.

Q Again he was an officer of the bank?

A Yes.

MR. KATZBERG: The Government would offer 115, your Honor.

MR. COHN: Just a moment, Mr. Katzberg.

May I take a look at that, please?

MR. KATZBERG: Sure.

(Document handed to Mr. Cohn.)

MR. COHN: Would you bear with me for a minute, your Honor, please?

THE COURT: Yes.

MR. NAFTALIS: I only have a few more minutes of this, your Honor.

THE CLERK: Government Exhibit 95 previously marked for identification, marked in evidence.

(So marked.)

BY MR. NAFTALIS:

Q Let me show you 96, Mr. Chadwick.

Is that document in your handwriting?

A Yes, with the exception of these pencil notes.

Q Including the red lines?

A Yes.

Q And how about 109, is that in your hand?

A Yes, with the exception of the red markings, red notations.

Q The red notations, would they have been made by Mr. Stefan?

A It could be.

Q He would write very often in red pen?

A Yes.

MR. KATZBERG: The Government would offer those two exhibits at this time, yourHonor.

Do you want to see this one?

MR. COHN: May I, please?

(Document handed to Mr. Cohn.)

MR. COHN: No objection, your Honor.

THE COURT: Mark it.

THE CLERK: Government's Exhibits 96 and 109, previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: The Government would also offer at this time Exhibit 115 which has also been the subject of the voir dire.

THE CLERK: Government Exhibit 115 previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: Your Honor, may I pass these out among the jurors at this time?

THE COURT: Yes.

MR. KATZBERG: The only one I won't pass is the one that had to have something deleted.

THE COURT: I don't think we should do that now.

MR. BANNIGAN: The Government has no objection to the balance of the exhibits -- I mean the bank.

MR. KATZBERG: May they all be so marked, your Honor?

The Government offers 155, your Honor. I will do them seriatim in the way they are now.

155 -- just so the record is clear, your Honor.

THE CLERK: So marked.

(So marked.)

MR. KATZBERG: I am sorry. It is 101.

Thank you, Mr. Naftalis.

MR. NAFTALIS: You jumped 50 numbers.

THE CLERK: So marked.

(So marked.)

MR. KATZBERG: 121.

THE CLERK: Previously marked for identification, now in evidence.

(So marked.)

MR. KATZBERG: 123.

THE CLERK: Government Exhibit 123 previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 120.

THE CLERK: Government Exhibit 120, previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 116, please.

THE CLERK: Government Exhibit 116 previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: Government Exhibit 104, previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 105.

THE CLERK: Government Exhibit 105, previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 107.

THE CLERK: 107 previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 97.

THE CLERK: Government Exhibit 97, previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 98.

THE CLERK: 98, previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 94.

THE CLERK: Government Exhibit 94 previously marked for identification, now marked in evidence.

(So Marked.)

MR. KATZBERG: 93.

THE CLERK: 93 previously marked for identification, now in evidence.

(So marked.)

MR. KATZBERG: 87.

THE CLERK: Government Exhibit 87 previously marked for identification now marked in evidence.

(So marked.)

MR. KATZBERG: 88.

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THE CLERK: 88 previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: 89.

THE CLERK: Government Exhibit 89, previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: 86 is already in evidence, is that correct?

THE CLERK: That's correct.

MR. KATZBERG: 85.

THE CLERK: Government Exhibit 85, previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: And finally, 84.

THE CLERK: Government Exhibit 84, previously marked for identification,marked in evidence.

(So marked.)

MR. KATZBERG: Thank you, Mr. Clerk.

Is there anything else?

MR. NAFTALIS: No.

THE COURT: Cross-examination.

MR. COHN: Before we proceed with cross, may I remind your Honor that Mr. Katzberg made a

promise to the Court that he would bring out something with regard to one of the exhibits, and I ask that your Honor now hold him to that promise.

May I approach the bench with reference to Exhibit 101?

MR. PATTISON: With all due respect, your Honor, the offer to appraoch the bench should have been made when he first rose.

We shall approach the bench now.

(The following occurred at side bar.)

MR. KATZBERG: May I just say that Mr. Cohn's remarks are so unwarranted and so uncalled for. It is just something that I want to make sure that the record reflects my objection.

He knows he shouldn't do that and he did it. He's done it more than once.

This isn't the first time and I want to register my objection to that. It is a tactic and it shouldn't be employed.

THE COURT: All right.

MR. COHN: I specifically mentioned that one of the documents had the words to be destroyed and your Honor said it would be brought out on direct examination that this had nothing to do

with the three defendants.

THE COURT: Yes. I even forgot it myself.

MR. PATTISON: It has not been shown to the Jury yet. We can strike it off or whatever.

MR. KATZBERG: No, no. The point is that that he's done this, he's giving them the impression that I didn't do something I should have.

Let him do it on cross-examination.

THE COURT: I will do it.

MR. KATZBERG: Thank you, your Honor. And as far as Mr. Cohn's remarks.

THE COURT: I am going to ask him if anyone told him to put the words on there and if he says no --

MR. COHN: Then we'll of it redacted. He didn't put it on there.

MR. KATZBERG: Yes, he did.

THE COURT: The question is was it at anyone else's instructions?

MR. PATTISON: Would your Honor instruct the Jury as to Mr. Cohn's remarks? They have an effect.

THE COURT: Let's not get into that. Don't do it again.

MR. COHN: All right, Judge.

(The following occurred in open Court.)

THE COURT: I should have mentioned this before.

Take a look at Exhibit 101 and do you see some words across the top.

THE WITNESS: Yes.

THE COURT: Whose handwriting are they in?

THE WITNESS: Mine.

THE COURT: Anyone tell you to do that?

THE WITNESS: No.

THE COURT: Anyone of the defendants here tell you to do that?

THE WITNESS: No.

THE COURT: All right.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good afternoon, Mr. Chadwick.

A Good afternoon --

MR. KATZBERG: Before cross-examination begins, can the record just indicate that the checks --

MR. NAFTALIS: Let's do it later. That's not important.

THE COURT: All right.

Q Mr. Chadwick, I think you have indicated, did you not, that one of the functions you performed during your employment at the Security National Bank was to handle requests that came to the Security National Bank from various political organizations for the purchase of tickets to go to their dinners, outings and the like; is that correct?

A Yes, sir.

Q And would you say it is fair to say that Security National Bank received a large number of requests from various political organizations and groups asking that the bank or its officers buy certain amounts of tickets to various dinner functions, outings and the like?

A Yes.

Q Large numbers?

A Yes.

Q It is fair to say there was almost a deluge of these tickets and requests; is that correct?

A Yes.

Q And these requests would ultimately end up on yourdesk; is that correct?

A For the most part.

Q And they would come from various sources

including the branches; is that correct?

A Yes.

Q And Security had some 70 or 80 branches, during the time you were there?

A I think a hundred and seventy.

Q I'm sorry. I stand corrected.

Requests would come into the various branches that officers of those branches should attend -- withdrawn.

Political organizations would make requests to these various branches, would they not, that various officers of those branches should attend various local governmental outings, clambakes, dinners, luncheons, cocktail parties, and the like; is that correct?

A Yes.

Q And they would be filtered to you?

A Yes, sir.

Q Now, during the time that you handled this it came to your attention did it not, that the politician considered that the Security National Bank and its officers were cheap compared to other banks; is that correct?

A Well, yes, you could say that.

Q As a matter of fact, that the Security National Bank officers weren't buying as many tickets as officers of other banks were; is that correct?

A Yes.

Q You would get a lot of grief so to speak from various political people who would tell you that; is that correct?

A Yes.

Q Is it fair to say that the purpose of the bank officers of Security National Bank going to attend thse dinners, cocktail soakes and the like, was for the bank for business purposes for the bank to become visible and become known to various business and political leaders?

A Yes.

Q And therefore, the bank officers who went to these dinners would go there for the purpose -- to say hello to businessmen and members of the community and the like?

A Yes.

Q They would carry their business cards with them and hand them out and say: Hi, I am jJoe Jones from Security National Bank; is that correct?

A Yes.

Q And I take it from your knowledge, the other banks were doing the same thing, precisely the same thing at all these affairs; is that correct?

A Yes.

Q Now, part of your duties also -- withdrawn.

In addition to being involved and responding to these requests for dinners and making payments and the like out of the contributions club, you had other functions in the bank, didn't you?

A Yes. If I may say that was my function.

My main purpose and function was to coordinate and centralize the bank attendance and participation in various charitable organizations and the like.

Q Your main function was to coordinate the bank's attendance at charitable functions?

A Yes.

Q The bank was a frequent attender at charitable organizations' functions?

A Yes.

Q The bank gave monies to United Jewish Appeal, Catholic Charities, Boy Scouts and Girl Scouts, and a whole bunch of others which I can't think of off the top of my head?

A Yes.

Q As a matter of fact, you spent a great more of your time in that kind of activity then you did in connection with these political dinners; is that correct?

A Yes, sir.

Q It was also brought out on your direct examination by the prosecutor that you made telephone calls to various bank officers who were contributing; is that correct?

A Yes.

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(Continued on next page.)

CROSS-EXAMINATION

BY MR. NAFTALIS: (Cont'd.)

Q And would you make requests of them as to whether or not they would contribute to a particular affair or function, is that correct?

A Yes.

Q I take it, Mr. Chadwick, that you didn't coerce anyone -- you didn't twist anybody's arm?

A No.

Q You didn't threaten anybody?

A No, sir.

Q And as a matter of fact I think you brought out on your direct examination that you would hardly be in any kind of position to make demands because all the people you called were much senior to you in the bank?

A Yes, sir.

Q And you called men who held titles as lofty as senior vice president and controller -- people who held positions with substantially high salaries, is that correct?

A Yes.

Q Now, during a portion of the time -- withdrawn -- during a portion of the time in which you were there, a man by the name of Rex Johnson was president, is that correct?

A Yes.

Q And I think on one of the exhibits when I questioned you about it a little while ago his initials appeared, is that correct?

A Yes.

Q Martin Travers was president before Mr. Johnson, is that correct?

A Yes.

Q That was from '69 to '72 and you were in the bank during those three years?

A Yes.

Q During the time Mr. Travers was president of the bank he attended, did he not, a good number of these political functions and dinners the bank was requested to attend, is that correct?

A Yes.

Q And the political club that you were involved with paid for Mr. Travers attendance at those functions, isn't that correct?

A Yes.

Q And Mr. Travers himself wasn't a contributor. He wasn't one of the bank officers who put money into the club, is that correct?

A I don't recall but I don't think so, sir.

Q But yet he went to these affairs which were -- and his tickets were paid for by various other officers in the bank who had to contribute?

A Yes.

Q And also Mr. Travers' membership in the Governor's club was also paid for out of the bank officers' club?

A Yes.

Q And people who contributed included Mr. Powell, Mr. Dowd and Mr. Clifford, is that correct?

A Yes, sir.

Q Along with a whole bunch of other people?

A Yes.

Q And out of all their funds, part of them were used to pay for Mr. Travers as well, is that correct?

A Yes, sir.

Q By the way when you were handling your duties in terms of funneling these requests for tickets and making payments for the various tickets, did you try and conceal these facts from anybody?

A No, sir.

Q You didn't try and hide anything that you were doing, is that correct?

A No, sir.

MR. PATTISON: May we approach the bench at this time, please?

(Side bar)

MR. PATTISON: Your Honor, I am afraid we had a very workmanlike arrangement up to now regarding the matter we talked about earlier concerning perjury, lying, being charged with a crime, et cetera. I believe that as of now to create the impression the questions just asked clearly by any one rule of law open up the door for it and our failure to fill up that door may leave this jury --

THE COURT: Let me hear the question again.

MR. PATTISON: The last two or three questions prior to my asking to approach the bench.

MR. NAFTALIS: After you hear it I'd like to be heard because I really disagree.

(Read back)

MR. PATTISON: He never tried to hide anything.

MR. NAFTALIS: We're talking about two different things.

THE COURT: You are talking about records concealed. He's talking about the conspiracy or

agreement to make contributions. I understand it that way.

MR. BANNIGAN: That's right.

THE COURT: Leave it alone for a while but I tell you it's very dangerous.

MR. BANNIGAN: We ought to get Mr. Katzberg over because I have informed him about this. He said it's all right.

MR. NAFTALIS: He didn't raise any objections. I just want to avoid another trip.

MR. KATZBERG: I was first getting comfortable.

MR. NAFTALIS: I mentioned to Mr. Katzberg earlier -- he asked me whether or not -- what we intended to do with the area of the subpoena. I told him in light of the fact a couple of questions were asked I would touch lightly on the area.

THE COURT: How do you do that?

MR. NAFTALIS: He brought down -- he asked this following question, your Honor, in substance. It was brought out that this gentleman got a subpoena, No. 1. No. 2, the subpoena called for him to produce a fairly extensive amount of records. The third factor brought out was that instead of bringing in an extensive number of records in front

of us now, he came down with two documents. I want to ask the following two or three questions and no other. No. 1, you testified in your direct examination that you received a subpoena, is that correct?

Did you in connection with complying with that subpoena have any conversations with Mr. Dowd, Mr. Powell and Mr. Clifford to which the answer would be no?

My next question is isn't it fair to say that the only person you had a conversation about that was Mr. Stefan and then I intend to drop the matter.

MR. PATTISON: If that's allowed the only question I would ask would be do you know whether Stefan had any conversations with anyone else.

MR. NAFTALIS: There's no foundation.

MR. PATTISON: I do have a foundation. Stefan says that he talked with Mr. Clifford about the destruction of these records.

THE COURT: Who did he tell that to?

MR. PATTISON: Us.

THE COURT: But that's not enough. What you know does not make a difference. It's what this man

knows. The question has no foundation. What he told you is something different. He does not know it.

MR. PATTISON: Nor does he know -- and I just want to put it in its proper setting --

MR. NAFTALIS: You know the man's answer will be no. You are just trying to create an innuendo with the jury.

MR. PATTISON: I am trying to answer the one you are trying to create.

(End of side bar)

(In open court)

(Continued on next page.)

Q Mr. Chadwick, I believe that you testified somewhere during the course of your direct examination -- let me withdraw it. Let me start again. I am losing my trend of thought.

Mr. Chadwick, in response to a question of his Honor, you were shown Exhibit 101 in evidence; is that correct?

A Yes.

Q There contained certain handwriting in red on there; is that correct?

A Yes.

Q And I think you indicated, did you not, in response to his Honor's questioning, that you were not asked by either Mr. Dowd, Mr. Powell or Mr. Clifford to write those words on this document; is that correct?

A Yes.

Q As a matter of fact, you wrote those words on that document of your own volition; is that correct?

A Yes.

Q As part of your own record-keeping processes?

A Right.

Q Now, I show you Exhibit 109 in evidence. And then there is a word at the top, "confidential." Is that in your hand?

A Yes.

Q And, I take it, is it fair to say that neither Mr. Dowd, Mr. Powell, nor Mr. Clifford ever asked you write the word "confidential" on that piece of paper which is marked Exhibit 109?

A No.

Q That was done again at your own insistence?

A Yes.

Q And I show you Exhibit 96 which has the word "confidential" written on -- in red at the top of both pages. Is that in your own hand?

A Yes, sir.

Q I take it, is it fair and honest to say again that at no time did Mr. Dowd, Mr. Powell, Mr. Clifford ever ask you to put those words on what is now Exhibit 96 in evidence?

A No, sir.

Q I take it, again, would it be fair and honest to say that the answer to my question would be that the writing of those words was something that you yourself put on?

A Yes.

Q As your own decision?

A Yes.

Q I take it, it would be fair to say that you put this kind of writing on, that you felt it would serve some record keeping purpose that you were carrying out?

A Yes, sir.

Q Or for communication purposes when you would send a list of documents --

MR. KATZBERG: Objection. If he wants to know what it is, let him ask the witness and not --

MR. NAFTALIS: This is cross-examination.

THE COURT: All right.

MR. PATTISON: I think it's beyond the scope of the direct examination.

MR. NAFTALIS: They put in this document.

THE COURT: He may question on the document. But leading him can be narrowed a bit.

MR. NAFTALIS: Okay. Fine.

THE COURT: Okay, go ahead.

Q Tell us the purpose, then, of why you wrote the word on, say, Government's Exhibit 96, the word "confidential" on the top, if you can recall?

A It was just for the eyes of the beholder. Just for the purpose that to whom this was sent for his request and for his determination only.

Q In other words, is it fair and honest to say when you wrote "confidential" on a piece of paper that you sent to a person, you were trying to indicate to him that this document was meant for him only and nobody else?

A Yes.

Q And that is -- and if he wanted to disseminate it it would have to be his own decision?

A Yes.

Q You weren't asking him to distribute it or post it on a billboard or put it in the newspapers?

A Right.

Q Now, Mr. Chadwick, I think you testified on direct examination that there came a time when you received a subpoena to -- before the grand jury in this case?

A Yes.

Q Now, isn't it a fair fact, sir, that you had no conversation, or that you never had any conversation about that subpoena with either Mr. Dowd, Mr. Powell or Mr. Clifford; is that correct?

A Yes.

Q As a matter of fact, isn't it fair to say that the only conversation you had relating to the terms of that subpoena was with a man by the name of Joseph Stevens; isn't that correct?

A Yes.

Q And Mr. Stevens is not in this courtroom, is he?

A No.

MR. NAFTALIS: Can I have this exhibit, please?

Thank you.

Q Let me show you a bunch of documents that you have identified that are already in evidence. The first which is Exhibit 89 in evidence: there is some writing in here in type, "individual accounts." Did you put that on there?

A No, sir.

Q Did you authorize anybody to put it on there?

A No, sir.

Q Now, in 88 there is some typing in there, "payee organization." Did you put in those words?

A No, sir.

Q Did you authorize anybody else to put those words in there?

A No, sir.

Q Then we have Exhibit 87 in evidence containing the words "daily log." Did you put those words on there?

A No, sir.

Q Did you authorize anybody else to put those words in there?

A No.

Q Now, I want to show you Exhibit 87 which has some words on it, "WJ" and "F. Powell." Did you put those words on there?

A No.

Q I take it you didn't authorize anyone to put them on there.

A No, sir.

Q Now, I think you testified --

MR. NAFTALIS: Can I have the bank check for a second?

Q I think you testified about the issuance of certain checks, bank checks of the Security National Bank in October of 1972; is that correct?

A Yes.

Q And, I take it, it's fair to say that that was the only occasion in which, to your knowledge, a bank check was ever used in connection with any political contribution; is that correct?

A Yes.

Q I mean in every instance other than that in which you were involved, had any personal knowledge, the officers would send in their own individual checks drawn on their own personal checking account; is that correct?

A Yes.

Q And that these checks would be forwarded to the organization which was running the particular political affair or function; is that correct?

A Yes.

Q Now, you indicated, did you not, on your direct examination, that there came a time when you had a telephone conversation with a lady named Miss, Ms. or Mrs. Pinto, whatever it was?

A Yes.

Q And I think her name was Eleanor Pinto?

A I believe so.

Q She held some position in the Nassau Republican Party? She was a bookkeeper?

A Yes.

Q She called you up and asked you about attendance at a political affair or function and she requested that the Security National Bank officers attend; is that correct?

A Yes.

Q And Mrs. Pinto indicated to you that she thought that the bank should issue a bank check to pay for it; is that correct?

A She said, why don't we issue a bank check?

Q And she in addition to telling you why don't you issue a bank check, Mrs. Pinto said, all the other banks do it that way; isn't that right?

A Yes, sir.

Q And you said that you would have to check on that, right?

A Yes, sir.

Q Because that -- and then you went and had a conversation with a man by the name of Joseph Stevens; is that correct?

A Yes, sir.

Q And you went to see Mr. Steven and you reported to Mr. Steven about your conversation with Mrs. Pinto?

A Yes, sir.

Q And you told Mr. Steven what Mrs. Pinto told you; is that correct?

A Yes.

Q Including the fact that all other banks were sending out ba hecks directly to all the political functions; isn't that right?

A Yes.

Q And Mr. Steven replied to you, "Gee, I think it's a good idea. Why don't we do it?"

A Yes, sir.

Q And as a result, Mr. Steven, who is your superior -- is that correct?

A Yes, sir.

Q (Continuing) -- authorized and directed you to have three bank checks issued?

A Yes, sir.

Q And these are the bank checks which are in evidence as Exhibits 133, 134 and 135; is that correct?

A Yes, right. Yes.

Q Thank you.

And after this was done, a couple of months later or a few weeks later, you then had another conversation with Mr. Steven; is that correct?

A Yes.

Q And Mr. Steven told you that when Mr. Clifford heard about this, he was very angry?

A Yes.

Q And he told you -- Mr. Steven told you, Mr. Clifford was very angry because the bank had no business itself making political contributions; is that correct?

MR. KATZBERG: Objection. That is not the testimony. The defense characterization of --

MR. NAFTALIS: I have a right to ask him.

THE COURT: No, the characterization is --

MR. PATTISON: And this is beyond the scope of anything that was asked.

THE COURT: It's characterization, in any event.

MR. PATTISON: If he wants to make him his own witness --

THE COURT: Rephrase the question.

MR. NAFTALIS: Your Honor, they asked him --

THE COURT: I know. Rephrase it.

Q Did Mr. Steven tell you that Mr. Clifford was angry that a bank check was used?

A Yes.

Q And that the bank itself had expended the money; is that correct?

A Yes.

Q And that Mr. Clifford was angry and -- didn't Mr. Steven tell you that Mr. Clifford was angry and he said that shouldn't have been done; that is improper?

A Yes.

Q And that Mr. Clifford -- didn't Mr. Steven also tell you that Mr. Clifford ordered Mr. Steven to have the bank be reimbursed from the contributions club?

A Yes.

Q With interest?

A Yes.

Q And that was done?

A Yes.

Q As a matter of fact, people's checks were then made out to the Security National Bank to make the bank whole for the money which had been improperly expended; is that

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correct?

A Yes.

Q With interest?

A With interest.

MR. NAFTALIS: I have nothing else, your Honor.

THE COURT: Anyone else?

CROSS-EXAMINATION

BY MR. COHN;

Q Mr. Chadwick, you and I have met, have we not?

A Yes.

Q You know I am Dave Dowd's lawyer?

A Yes, sir.

Q Let me take you back to the work that you did, the work with the bank on the marketing division.

Is it correct to say, sir, that the bank had many divisions, each of which was devoted to doing different things and performing different functions?

A Yes, sir.

Q Now, one of these divisions which was headed up by Dave Dowd was the Marketing Division; is tha right?

A Yes.

Q You were one of the bank officers -- bank personnel that did his job within this Marketing Division; is that right?

A Yes, sir.

Q And was it not the purpose of the Marketing Division to generate new business for the bank; isn't that right, sir?

A Yes, sir.

Q As a matter of fact, there was a specific department under the Marketing Division called the Business Development Department; isn't that right?

A Yes, sir.

Q And, as I recall, I think your function was to handle the meetings and events section; is that right?

A Yes, sir.

Q And that was within the business of the development department; is that right?

A Yes, sir.

Q Now, I believe it was developed by the prosecutor on the direct examination that you were responsible for arranging for people to attend various functions; is that correct?

A Yes. I coordinated and correlated --

Q Yes?

A Correlated it.

Q Correlated or coordinated it?

And this, as we have already established, was

not necessarily limited to political dinners or political functions, but also included other functions as well; is that correct?

A The meetings and events functions.

Q Yes.

A Pertaining specifically to attendance at charitable functions and public functions.

Q Mr. Chadwick, can you estimate, so that the jury can understand exactly what you were doing -- can you estimate approximately how many attendees from the bank you were correlate -- that you would coordinate?

A Well, last year -- the last year of operations, there were approximately 5,000 attendees during the year at different functions and events and meetings and seminars and things of that nature.

(continued next page)

b/ss
m2

BY MR. COHN:

Q When you say 5,000 attendees in a year, in other words, there were 5,000 different seats or attendances that have to be filled from among all of the bank personnel?

A Yes.

Q Over the course of one year -- the last year, for example, you were there --

A Yes.

Q These attendees were bank officers, bank employees -- employees of the bank; is that correct?

A Yes.

Q Do you know or -- with regard to the so-called nonpolitical functions, those you described as charitable functions and other functions, approximately how much money a year did the bank spend on that?

A The total to which I had knowledge of -- awareness of was in the neighborhood of 250,000 to $300,000.

Q In one year?

A Yes.

Q 250 to $300,000 a year is what the bank spent on those other functions; is that correct?

A Yes.

Q And --

MR. COHN: May I have just a minute, please,

your Honor.

Q And, again, if we can just dwell on that aspect for a minute so that we can appreciate the scope of what you were doing, there were certain charities that you have already mentioned in response to questions put to you by Mr. Naftalis as -- that you recall were part of the functions that you were involved in furnishing attendees; is that correct?

A Yes.

Q I believe you mentioned Catholic charities, United Jewish Appeal, Boy Scouts and the Girl Scouts; is that correct?

A They are included. Yes.

Q Do you recall whether one of the groups that was the recipient of the bank's attention, the bank's moneys, were these other organizations? And let me see if I can refresh your recollection.

The Italian charities? Do you recall writing out checks for that organization?

A Yes.

Q On behalf of the bank?

A Yes.

Q Maimonides Hospital?

A Yes.

Q The Good Samaritan Hospital?

A Yes.

Q Long Beach Memorial Hospital?

A Yes sir.

Q Boys Town of Italy?

A Yes.

Q American Red Cross?

A Yes sir.

Q United States Olympic Committee?

A Yes.

Q Brandeis University?

A Yes.

Q St. Charles Hospital?

A Yes.

Q St. Francis Hospital?

A Yes.

Q Cerebral Palsy Foundation?

A Yes.

Q Albert Einstein College?

A Yes.

Q American Cancer Society?

A Yes.

Q North Shore Hospital of Long Island?

A Yes.

Q Iona College?

A Yes.

Q National Conference of Christians and Jews?

A Yes.

Q The YMCA?

A Yes.

Q Mercy Hospital?

A Yes.

Q Hofstra University?

A Yes.

Q Veterans of Foreign Wars?

A Yes.

Q Were these just part of the group that the bank was involved with with regard to these other functions that you have discussed with us?

A Yes.

Q And bank personnel also attended these functions, did they not?

A Yes sir.

Q And mixed and mingled with other people from all other organizations and institutions?

Now, there was some testimony here about your recalling various officers and making requests upon them to forward a check to you so it would come to your office? And

you did this by telephone, as I believe you called it.

A Yes.

Q Were there occasions when you called an officer and asked for a check and the officer wasn't there?

A Yes.

Q And if an officer had a secretary, on these occasions would you talk to the secretary?

A Yes.

Q Would you leave word with the secretary that you wanted a check made payable to a certain organization; is that correct?

A Yes.

Q And did you ask on these occasions that the secretary inform her employer or her boss that the check should come to you?

A Yes sir.

Q And did you tell the secretary the amount of the check that you desired?

A Yes sir.

Q And did you also tell the secretary who the payee of the check is to be?

A Yes sir.

Q Now, there's been some testimony by another witness that all of the bank's officers had checking accounts

at the Security National Bank. Do you know that to be a fact, sir?

A Yes sir.

Q And is it also not a fact, sir, that throughout the period of time when you were involved with the receipt of these checks that all the checks that you received were checks drawn on the Security National Bank?

A Yes sir.

Q And during the time that you were working for the bank, is it also not a fact that the bank had a microfilm process where everybody who had an account who drew a check on their account, that that check was microfilmed; isn't that right?

A Yes sir.

Q That would be true of your checks? Or if I was a depositor, it would be true of my checks; is that correct?

A Yes.

Q Was it also not true of all of the checks that you received from all of these bank officers -- is that correct?

A Yes sir.

Q So that if I or anybody else wanted to know what check any particular officer wrote at any time, all I had to do was go to the microfilm bank, play back the microfilm and

I pick up all the checks? If you know.

MR. PATTISON: We object.

THE COURT: He said --

MR. PATTISON: It is beyond the scope of the questioning.

THE COURT: But he's already answered it.

MR. PATTISON: And this is not proper cross-examination. If he wants to make him his witness --

THE COURT: It is new matter.

MR. PATTISON: If he wants to make him his own witness, let him.

THE COURT: Of course. There's nothing ~~against~~ in the law that he can't do that.

MR. COHN: For this question I will make him my witness.

MR. PATTISON: Please don't lead then.

MR. COHN: All right. I was getting read to ask the next question, but I gather his answer. So there's nothing further to go into.

Q By the way, while Dave Dowd was with the bank, he wrote checks out for $100 a month, did he not?

A Yes sir.

Q And these checks came to you; is that correct?

A Yes sir.

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Q And do you recall ever receiving checks from Dave Dowd after he left the bank?

A No sir.

Q Do you recall when Mr. KAtzberg was asking you questions, he showed you a record and -- with particular respect to an entry that was made concerning I think $500 that was contributed to the Bernie Meyer -- I am sorry -- the Judge Bernard Meyer Committee for the Election of Judge Bernard Meyer? I believe that was the notation.

A Yes.

Q And you -- your attention was directed by Mr. Katzberg to two sets of initials that appeared somewhere on that record. And one set, as I recall, was TT and the other was TJC; is that correct?

A Yes.

Q You recall that these two initials are written next to it?

A Yes.

Q TJC is Tom Casey?

A Yes.

Q And Tom Casey during this time was your superior, was he not?

A Yes sir.

Q And he was the fellow that you were reporting to

at that time?

A Yes sir.

Q Now, do you have any recollection at all of ever talking to Dave Dowd concerning the contributions to Judge Meyer's campaign?

A Not -- except that I would either advise him --

Q Now, do you recall --

MR. KATZBERG: Let the witness finish his answer.

MR. COHN: I asked him whether he recelled whether he ever had a conversation with Dave Dowd and I --

Q Would you please answer that question. Do you recall ever having a conversation with Dave Dowd concerning the Bernard Meyer campaign?

A No.

Q Your answer is, "No"?

A Right.

Q Now, Mr. Chadwick, would you help me clear up a mystery. The jury must be wondering what we are talking about on this exhibit. Let me show you Government Exhibit 101. And there are three words written on the top; is that right?

A Yes sir.

Q And these are the words the judge asked you about?

A Yes sir.

Q And you said that these three defendants, Messrs. Clifford, Dowd and Powell had nothing at all to do with that; is that correct?

A Yes.

Q This is the same thing you told Mr. Naftalis. The three words are, "To be destroyed." Is that correct?

A Yes.

Q All right. Did Mr. Dowd have anything at all to do with that?

A No.

Q Did Mr. Clifford have anything at all to do with that?

A No.

Q Did Mr. Powell have anything to do with that?

A No.

Q Thank you very much.

MR. COHN: I may be finished. May I have one minute, your Honor.

THE COURT: Yes.

MR. COHN: I have no further questions.

(Continued next page)

CROSS-EXAMINATION

BY MR. RYAN

Q Mr. Chadwick, my name is Joseph Ryan. We have met before, have we not?

A Yes.

Q Do you recall when Frank Powell retired on May 1, 1972?

A Yes.

Q Do you recall having a conversation with Mr. Powell before he retired about his participation in the club?

A Yes sir.

Q Would you tell the ladies and gentlemen of the jury approximately when you recall having that conversation with Powell when he retired on May 1, 1972?

A I really don't know the time.

Q All right. Do you recall what the conversation was with Mr. Powell concerning his participation in the club?

A In essence, that he would be retiring and he wouldn't be a member of the club any longer.

Q And I am taking two sheets from Exhibit 89. Would you tell us when Mr. Powell last made any contributions to any political organization?

A In January of -- January -- January-February of

A 1126

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'72.

Q Is that to a political organization or to Mr. Shea?

A That's -- both of them are to Mr. Shea.

Q They were repayments of a loan?

A Right.

Q Of a loan that Mr. Shea made to the club?

A Right.

Q So when is the last time he made any contributions to any political organization, according to your records?

A In February. Oh, political organizations. October, '71.

Q All right. So after October, '71, Mr. Powell made no contributions as a club member to any political organization, as far as you know, right?

A Yes sir.

Q He did loan a thousand dollars to the club sometime in '71? Do you recall that?

A Yes sir.

Q He was repaid the thousand dollars loan, to the best of your recollection?

A Yes.

Q May I have that, sir?

A Yes.

next

Q Now, I want to ask you some questions about the substantive counts in this case involving Mr. Powell.

I ask you to turn to page twenty of your daily log marked as Exhibit 86 with respect to the Bernie Meyer contribution, $500. That is Judge Meyer?

A Yes, sir.

Q Are you looking at the entry?

A Yes.

Q Did Mr. Powell have anything to do with your entries concerning your knowledge concerning that contribution?

A No, sir.

Q Now, turn to the next substantive count. Would you look at page 22 of your log for contribution to the Suffolk County Republican Committee?

A Yes, sir.

Q Do you have it before you?

A Right.

Q Based on your review of your record and your own personal knowledge, did Mr. Powell have anything to do with the contribution to the Suffolk County Republican Committee?

MR. PATTISON: I object to the form.

Q Based on the record can you tell us, Mr. Chadwick,

whether Mr. Powell had anything to do with the contribution to the Suffolk County Republican Committee?

A No, sir.

Q To your knowledge did he have anything whatever to do with it?

A No, sir.

Q Sir, would you turn to page 24 of your log, it relates to count five, the Committee to Elect Angelo Roncallo.

Do you have it before you?

A Yes, sir.

Q Based on your entry can you tell us whether or not Mr. Powell had anything whatever to do with the contribution to the Roncallo Committee?

MR. KATZBERG: The question should be prhased "Does the entry reflect that?"

Q I will take that question.

A No.

Q Based on your own personal knowledge did Mr. Powell have anything to do with that contribution?

A No, he didn't.

To my knowledge he didn't have anything to do with this.

Q You know Mr. Powell from your years of working

at the bank, do you not?

A Yes, sir.

Q You're familiar with his onesty and trustworthiness?

A Yes, sir.

Q Can you tell us what his reputation is for honesty, integrity and trustworthiness?

A He was known as a gentleman banker, fine, reliable, dependable person.

Q Of course, you remember Tom Casey was also -- he was the one who would tell you on occasions where to make the contributions; is that correct?

A Yes, there was a time when he was my supervisor.

Q And do you recall him telling you you were to make contributions to the Huntington Democratic Committee?

A Yes, sir.

MR. RYAN: I have no further questions. Thank you.

MR. BANNIGAN: I have no questions.

MR. KATZBERG: I just have a few questions on redirect, your Honor.

THE COURT: All right. Go ahead.

A 1130

Chadwick-Redirect

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q You told us both on cross and direct examination that you would be advised which politicians or committees were receiving these moneys by your superior, Mr. Dowd, Mr. Dutra, Mr. Casey and Mr. Stefan; is that correct?

A Yes.

MR. COHN: I submit this is improper redirect. I don't recall any of the cross related to that at all.

THE COURT: I don't think so, but continue.

Q Were you ever told by any of those gentlemen or anybody else who actually made the decisions as to which politicians, which political committees and which events would receive the money?

MR. NAFTALIS: I object. It's entirely beyond the scope.

THE COURT: No, I will allow it.

THE WITNESS: No, not specifically.

Q With respect to Exhibit number 101, the words you identified "To be destroyed" in your hand, do you recall that?

A Yes.

Q Would you tell us when you wrote those words?

A I really don't recall, but I assume it was when I sent to to the person who it's sent to.

Q Who is it sent to?

A I don't recall. It was perhaps -- I believe it was Mr. Stefan.

Q Let me see if I can refresh your recollection about that.

I show you the Grand Jury minutes of August 27th, 1975 and tell us by reading page 21 --

MR. COHN: May we know what page he's reading from?

MR. KATZBERG: Page 21.

THE COURT: He will read it to himself.

MR. KATZBERG: That's the August transcript.

Q Would you read that page?

THE COURT: Read it to yourself.

Q Tell us if that refreshes your recollection as to who you gave that document, 101, to?

MR. COHN: Your Honor, may we -- well, is the question does it refresh his recollection?

THE COURT: Yes, that's all, whether it refreshes his recollection. Does it?

THE WITNESS: Does this --

THE COURT: Does what you read there refresh

your recollection?

THE WITNESS: No.

MR. KATZBERG: May I read the questions and answers?

MR. COHN: No, your Honor, it doesn't refresh his recollection.

MR. KATZBERG: May we approach the bench, your Honor?

THE COURT: Yes.

(Discussion at the sidebar, out of the hearing of the Jury.)

MR. KATZBERG: This statement is now a prior inconsistent statement of this witness. He said he gave this document to Mr. Dowd.

MR. COHN: He doesn't say that.

THE COURT: Let me read it, first. Where does it say that? Where it says probably --

MR. KATZBERG: Right here, probably it was Mr. Dowd.

MR. COHN: Then Mr. Katzberg makes it Mr. Dowd. He makes it Mr. Dowd's copy. It says probably --

THE COURT: That's not inconsistent.

MR. PATTISON: Now he says Stefan.

MR. KATZBERG: This says probably Dowd.

That's a prior inconsistent statement and I will stop there.

MR. COHN: It doesn't relate to these three defendants.

THE COURT: This relates to the document.

MR. COHN: The document itself says -- Let me see the exhibit.

MR. BANNIGAN: It's my recollection. I may be wrong, but what we're confronted here is the witness denying something where he has made a prior statement.

(Continued on the next page.)

THE COURT: Yes.

MR. BANNIGAN: Where, however, the witness says he doesn't recall, that is not a desisto situation but a Cunningham. U.S. versus Cunningham and the witness may not be impeached.

THE COURT: If this doesn't refresh his recollection, that's all he says. He doesn't say he didn't say it.

MR. PATTISON: If he says he doesn't --

THE COURT: I think he can ask did you ever say that you probably gave it to Mr. Dowd.

MR. COHN: Except there is a problem. Dowd left in September '72 and this is a record from the calendar year of '72 and the man wasn't even at the bank. This is just very unfair.

What are we beating a dead horse for? He has the whole thing for '71 and '72 when he left the bank and Stefan took over.

THE COURT: Well, if that' so, it would be unfair.

BY MR. KATZBERG:

(The following occurred within the hearing of the Jury.)

Q. The statement is you don't remember when you

put those words on there?

A Yes.

Q You were asked about the conversation with Mrs. Pento from the Nassau County Republican Committee; do you recall that, sir?

A Yes.

Q Now, this was about contributions; is that correct?

A Yes.

Q Were those contributions already promised prior to your conversation?

A They were, yes. They were.

Q And Mrs. Pento, did she say anything that they were overdue, so to speak?

A Yes.

Q Tell us what that conversation was to the best of your recollection in substance.

A Just in general that they were looking for the funds that they hadn't received and when would they and could we hurry it up.

Q Do you recall when that money was originally promised?

A No, not offhand.

Q But it was sometime prior to October of '72?

Is that correct?

A Yes.

MR. COHN: If your Honor please, it would be sometime to October 22nd, 1972 or October 20th, 1972 the date of the checks.

MR. KATZBERG: I will stand corrected.

Q Sometime prior to that time?

A Naturally prior to that time, before the checks.

Q Do you remember Mr. Cohn on cross-examination asked you a number of questions about bank's microfilm system that all the banks checks go on microfilms?

A Yes.

Q Were any of the records that you kept on microfilm?

A Not to my knowledge.

Q Now, you might recall on cross-examination you were asked about Mr. Dowd and his contributions. Do you recall that, sir?

A Yes.

Q And I believe Mr. Cohn asked you isn't it a fact that you regularly received contributions from Mr. Dowd? Is that correct?

A Yes.

Q You said that you did receive those contributions; is that correct?

A Yes.

Q Did Mr. Dowd or anybody else tell you that he was compensated for those contributions through a salary increase?

A No.

Q To your knowledge were you ever told by anyone at any time that any of the officers contributing to this club were compensated through salary increases, sir?

A No, sir.

Q What, if anything, were you told about that?

A Nothing.

MR. COHN: This has been gone over on direct examination, your Honor.

THE COURT: Yes, this is pretty much repetitious.

MR. PATTISON: I don't believe so.

THE COURT: Yes.

Q One final question, Mr. Chadwick, and that relates to the initials D.D. in the margin on that contribution to Bernard Meyer.

A Yes.

Q Now, the D.D. is David Dowd; is that correct?

A Yes.

Q Now, would you regularly inform Mr. Dowd from the time that you reported to him on the contributions of being expended?

MR. COHN: I object to the form.

Q What was your practice?

THE COURT: What was your practice as to that?

THE WITNESS: I thought I explained it before. There was a certainperiod of time only where the initials appeared on the column and that was -- it was just generally to make sure I had touched base with Mr. Casey or Mr. Dowd.

Q So the persons appearing in the margin indicated you touched base with them on that contribution; is that correct?

A That's correct.

MR. KATZBERG: Thank you, your Honor. I have no further questions.

THE COURT: Any other questions?

MR. COHN: May we have one moment, your Honor?

THE COURT: Yes. Just sit down a minute, sir.

MR. KATZBERG: Some of these exhibits have been shown to the jury.

THE COURT: I think we'll take a ten-minute recess and then we'll have them look at them.

MR. KATZBERG: They look at them during the recess?

THE COURT: No.

MR. NAFTALIS: I have one question.

XXXX RECROSS EXAMINATION

BY MR. NAFTALIS:

Q Mr. Katzberg brought out I think on his redirect examination that the various records that you maintained that all have been offered and received in evidence here were not kept in the bank's microfilm; is that correct?

A Yes.

Q Isn't that because those were not official records of Security National Bank?

MR. KATZBERG: If the witness knows.

THE COURT: Yes.

Q Let me repeat the question. Weren't the records that you maintained and kept and received in evidence they were not official records of the Security National Bank, were they?

A That's right.

Q Rather they were your own records that you maintained and kept in connection with this particular part of your duties; is that correct?

A Yes.

MR. PATTISON: Just one other question.

REDIRECT EXAMINATION

BY MR. PATTISON:

Q You were paid to make these records, was that part of your job?

A I received my regular salary.

Q And for that pay was part of your job making these records?

A I did what I was told to do.

MR. PATTISON: Thank you.

THE COURT: All right. Step down.

All right, we'll take a short recess and you will be out again.

(The Jury withdrew from the courtroom and a recess was taken.)

(Continued on the next page.)

(The following occurred out of the hearing of the Jury.

MR. BANNIGAN: We have a problem with these checks.

During the noon recess, Mr. Chadwick examined all the checks and Mr. Katzberg came back and reported he had examined them and recognized the clubs, the payors and so forth.

I have just spoken to Mr. Chadwick and I'd like to have a very brief inquiry of him on these checks before we get to the question of their admissibility.

MR. KATZBERG: All we wanted is for them to be identified. We believe he identified these exhibits.

THE COURT: They are only marked for identification.

MR. BANNIGAN: I don't even think he can identify them. That's the point.

MR. KATZBERG : He said he did.

MR. BANNIGAN: I don't think he said it on the stand.

MR. KATZBERG: We have it out of the presence of the jury, this is 156, 155, 154, 153, 152, 151, 150, 149, 148, 147, 146, 145, 144, 143, 142, 141,

140, 139, 126, 127, 125, and 124, all marked for identification.

I will put them on the witness stand, your Honor.

MR. KATZBERG: Again, there is a whole bunch of checks taken from those envelopes that the witness couldn't identify.

(The witness resumed the stand and testified further as follows:

RECROSS EXAMINATION

BY MR. BANNIGAN:

(The following occurred out of the hearing of the jury.)

Q During the lunch hour, would it be fair to state you examined the checks in these envelopes, these exhibits that Mr. Katzberg identified?

A Yes.

Q I'm opening Government's Exhibit 127 in evidence, and I just ask you to take a look at the top check there and tell me if you can identify the top check?

A This could be --

Q Could you identify what the check is?

A It's a check for $100 from Milton Gidge.

Q Now, sir, looking at that check can you say with certainty or with any precision at all whether

that check was given to you in connection with your request for a political contribution for Mr. Gidge?

A Not with absolute certainty.

Q But you don't know whether that check came from Mr. Didge in connection with a request of yours; is that correct?

A That's correct.

Q Could the same thing be said about all of the checks in there as to whether they came from Mr. Gidge at your request -- withdrawn.

Can you identify any specific check in all of those checks that came to you from Mr. Gidge as a result of a request made by you?

A Only on the basis of those names that I might be familiar with.

Q Mr. Gidge was a member of the club; is that correct?

A Yes.

Q On occasions he sent you checks pursuant to your requesting them; is that correct?

A Yes.

Q Can you identify any of those checks specifically as coming to you as a result of a request? Yes or no.

A Not specifically.

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XXXX

Chadwick-Recross

MR. BANNIGAN: Thank you. I have no further questions.

REDIRECT EXAMINATION

BY MR. PATTISON:

Q Sir, over the luncheon break did you look at the entire packets of checks?

A Yes.

Q And did you in fact separate the -- separate checks?

A I tried to separate those that were before my time and those that I thought might have been in connection with it.

Q When you looked at those checks did you have the records with you, the records that have been offered into evidence?

A No, sir.

MR. PATTISON: May I have them, please? We'd like to offer these into evidence.

MR. KATZBERG: At a subsequent time to those club members whom we have established were compensated.

THE COURT: Well, just mark for identification.

MR. PATTISON: I think they can be --

MR. BANNIGAN: He said he couldn't identify them as being connected with the club.

MR. KATZBERG: He segregated those he could and those he couldn't. Those that he could are in the envelope.

MR. BANNIGAN: Is that correct, sir? Are you now saying that those were given to you as a result of requests which you received, that you passed on to officers of the club, all of those checks?

THE WITNESS: To the best -- I can assume the --

MR. BANNIGAN: I know you can assume it but can you say it? Yes or no.

THE WITNESS: Not specifically.

MR. BANNIGAN: Thank you.

Q I show you -- with reference to the officer Gidge, what is this record, sir, a page which has been collected from -- selected from 89 in evidence? What is that page?

A This is an accounting of Mr. Gidge.

Q Would you look at the last line, please, sir.

A Friends of Angelo Roncallo.

Q And is there -- on the right side of that line an amount?

A Yes.

Q What is that amount?

A One hundred dollars.

Q And what is the amount of the check, sir?

A One hundred dollars.

Q What is the month listed on your account sheet, sir?

A October.

Q What is the date on that check, sir?

A November.

Q What date in November, sir?

A November 3.

Q Would you call Mr. Gidge -- did you call Mr. Gidge during that month, sir, October?

A Yes.

Q And ask him for a check, sir?

A Yes.

Q Payable to whom?

A To Friends of Angelo Roncallo.

Q And in what amount, sir?

A One hundred dollars.

Q And is this check in answer to that?

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A It could be. I have no way of knowing though.

Q If you look through all of those checks comparing them --

THE COURT: I think you are asking the wrong questions.

Do you recognize the writer and the check? You recognize them, don't you?

THE WITNESS: Yes.

THE COURT: Do you know what those checks were given for?

WITNESS: Not without the collating records.

THE COURT: We're just asking whether or not you recognize them and do you know what the purpose of those checks was?

THE WITNESS: They were made out to Friends of Angelo Roncallo.

THE COURT: All right. Now, all the checks in that package, did you look at all of them?

THE WITNESS: Yes.

THE COURT: Were they made out to anyone in particular?

THE WITNESS: To different political organizations.

THE COURT: Were those checks made out in

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conformity with your duties as supervisor of the bank at the time?

THE WITNESS: Yes, but there were some other checks made out --

THE COURT: We have enough trouble with the ones we have now.

Those checks, I'm talking about, those checks, were they made out in accordance with the work you were doing as supervisor for the purpose of giving contributions and organizations?

THE WITNESS: They could have been, yes.

THE COURT: You're looking at them, are you not?

THE WITNESS: Yes.

THE COURT: What do they say to you? Papers talk once in a while. What do they say?

THE WITNESS: It's a check payable to Angelo Roncallo.

THE COURT: Are those the checks you used for the purpose of transferring funds over to various organizations, political and otherwise?

THE WITNESS: Yes, I don't understand, however, what --

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THE COURT: What don't you understand?

THE WITNESS: It doesn't say check number.

THE COURT: Did those checks ever go through your hands?

THE WITNESS: Yes.

THE COURT: We're not asking you specifically to say this check I received, those checks went through your hand as supervising the contribution club?

THE WITNESS: They could have.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Chadwick, you segregated some checks from the others; is that correct?

A Yes.

(Continued on the next page.)

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pmr2

BY MR. KATZBERG:

Q And the checks that you chose, the checks that were put in the envelopes, you recognized them in a number of ways; is that correct?

A Yes.

Q Based on the person who wrote the check and in each case that person was a club member; is that correct?

A Yes.

Q Based on the payee, you recognized as an organization you asked the club members to draw a check to; isn't that correct?

A Yes.

Q The third indication is the amount; is that right?

A Yes.

Q In each of these cases the checks you identified, the identification was based on the writer being a club member, the payee being an organization or political campaign of, that you remember you requested the club members to write their checks payable to; is that correct?

A Yes.

Q The amount corresponded to the amount you recollected; is that correct, sir?

A Yes.

Q Finally the checks, the time that they were written, correspond to the time you requested those contributions from those members or those organizations?

A Yes, but I didn't check that out during lunch.

MR. PATTISON: May I recommend --

THE COURT: Put them over until tomorrow morning.

MR. PATTISON: The e are in evidence now, the records -- monthly accounts for all of the checks here, I think that whatever lack of recollection he may have now, relevant to any one check, I think, goes to, in light of all of the other evidence here, goes to its weight rather than to its admissibility.

THE COURT: In any event, you can mark them for identification.

MR. PATTISON: I am trying to avoid calling the witnesses here. There are 15 witnesses.

We'd like to get the checks into evidence.

THE COURT: You can have a stipulation.

MR. PATTISON: They don't want to.

MR. BANNIGAN: We'd stipulate if they provided the 3500 material of these people.

3 Chadwick - redirect

MR. NAFTALIS: Some of them haven't been reimbursed.

MR. KATZBERG: We would only --

MR. NAFTALIS: If we can be shown their Grand Jury testimony and if they say they had a conversation with X, Y and Z, we'd stipulate.

MR. PATTISON: Fine.

MR. KATZBERG: We can do it that way.

THE COURT: All right, Mr. Chadwick. You may step down.

Are you sure we will remember this tomorrow morning?

MR. PATTISON: We have another witness, your Honor.

THE COURT: Do you mind waiting a little while tonight?

MR. RYAN: Absolutely.

THE COURT: All right. Let's move it along.

MR. NAFTALIS: We have one legal problem in connection with this witness coming in now.

They can call another one which there is no legal problem on and bring the other one in.

MR. KATZBERG: It's very brief.

THE COURT: It's not a big problem for me.

MR. NAFTALIS: Shall I raise it with your Honor?

THE COURT: Raise it.

A 1153

RALPH GROSKOPH, called as a witness, having been first duly sworn by the Clerk of the Court, testified as follows:

DIRECT EXAMINATION

BY MR. KATZBERG:

Q In a loud clear voice, sir, so everybody can hear you, please tell us your present occupation?

A I am with a trust company, Schroder Trust Company, in New York, Security Division.

Q What do you do?

A Vice-president in charge of all the domestic portfolios, Government municipal bonds, short-term money market instruments.

Q For how long haveyou worked for this company?

A February 19th of last year.

Q Prior to that time, did there come a time when you worked for Security National Bank?

A I worked for Security National Bank from January of 1969, until the take-over.

Q And approximately when was that, sir?

A The take-over, I think, was January 19th of 1975.

Q Now, Mr. Groskoph, did you work at Security continuously from January of '69 through January of '75,

sir?

A I did.

Q What was your title there?

A Vice-president.

Q And would you tell the ladies and gentlemen of the Jury essentially what your duties were?

A I was the investment officer responsible for portfolio management, the reserve position with the Federal Rserve Bank of New York, money acquisition in the federal fund market, setting of rates on certificates of deposit.

Q Now, Mr. Groskoph, where was your office located physically?

A My office was located at the main office in Melville, Long Island.

Q Now, who was your immediate superior, sir?

A When I first went to work there, it was John McCabe, senior vice-president.

Q What was his title?

A Senior vice-president.

Q And whom did he report to, to your knowledge?

MR. NAFTALIS: Objection. We've been through this before.

THE COURT: Did he answer?

MR. NAFTALIS: No.

THE COURT: I will allow it.

A I don't really remember. He reported to the management committee but that's all I know.

Q In approximately December of the year 1970, did there come a time when you had a conversation with someone or someone spoke with you about political contributions?

A Yes, it was the time of the annual reviews for salary and I was given a raise and offered, at the same time, an additional $2,000, and I was asked by John McCabe if I would be willing to accept this and make political contributions of $100 a month.

Q Where did this conversation take place?

A In John McCabe's office.

Q Was anybody else present?

A No.

Q What was the total amount of money that was offered to you, sir?

A Including what, my normal raise for the year?

A Yes, sir.

A My normal raise was $3,000 for that year and they offered me an additional $2,000 for the political contributions.

Q So the total was five, sir?

A Yes.

Q How much were you expected to contribute?

A $100 a month.

Q What, if anything, did you say to Mr. McCabe at this time?

A I asked if it was legal and I was informed that it was legal for an individual to make such contributions.

Q Now,was this the first time you learned of the contributions club at the bank, sir?

A Yes.

Q Did Mr. McCabe say anything else at that time that you recall?

A He indicated that management was interested in having contributions being made.

Q Anything else that you might recall?

A He gave me a day or two to think it over.

Q Now, do you recall anything else that was said other than what you have already related to the ladies and gentlemen of the Jury during the course of this conversation?

A No, I don't.

Q You indicated -- well, did you agree to join

at that time?

A No, I didn't. I reserved decision for one or two days.

Q Did there come a time when you got back to Mr. McCabe as to your decision?

A Yes, I did. I informed him, I am not sure if it was a day or two later, that I would go along with it.

Q Was this a matter of choice for you, sir?

MR. RYAN: Objection.

THE COURT: I will allow it. It has been allowed all the way through.

THE WITNESS: May I answer?

THE COURT: Yes.

A In looking over the situation --

THE COURT: No, no. It calls for a definitive answer.

A I felt I had no choice.

Q Did there come a time, Mr. Groskoph, subsequent to these conversations with Mr. McCabe, when you actually received the $5,000 raise that was discussed?

A Yes, it started in January of the following year.

Q I want to show you what has already been

marked as Exhibit 21.

I want you to look at that document and tell us if you see that $5,000 raise indicated on that document.

A Yes, January 4, 1971.

Q And your conversation with Mr. McCabe was around December of '70; is that correct?

A Right.

Q I want you to look at that exhibit, Exhibit 21. There are a number of entries on that exhibit; is that correct?

A Yes, there are.

Q Do those entries, including the entry you just discussed, the $5,000, are those a fair and accurate depiction of your salaries and titles at Security National Bank, during the time you worked there?

A Yes, they are.

MR. KATZBERG: At this time, the Government offers into evidence, Exhibit 21 for Identification.

MR. COHN: No objection.

(Document shown to defense counsel.)

(Pause.)

MR. BANNIGAN: No objection from the bank.

MR. NAFTALIS: No objection.

MR. KATZBERG: May it be so marked?

THE COURT: Mark it.

THE CLERK: Government Exhibit 21, previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: Thank you, sir.

BY MR. KATZBERG:

Q Now, Mr. Groskoph, did there come a time subsequent after you received this $5,000 raise in January of '71, when you began making these contributions?

A Yes. It was within the first month I would say.

Q Mr. Groskoph, I want to show you, sir, what has been marked for identification as Exhibits 157 and 157-A through H, inclusive, and I want you to look at those documents, sir, and tell us whether or not you recognize them?

A Yes, these are checks that I had written.

Q Are those the checks you wrote pursuant to the contributions club, sir? Look through them.

(Pause.)

A I am not sure about that one.

MR. KATZBERG: We will hold that one out.

A Yes.

MR. KATZBERG: At this time, your Honor, the Government would offer into evidence Exhibit 157 and 157-A through H, inclusive.

(Shown to defense counsel.)

MR. KATZBERG: May I ask some questions while counsel are examining the checks to facilitate this?

THE COURT: Yes.

BY MR. KATZBERG:

Q Mr. Groskoph, those checks are made out to individual political committees, entities or events; is that correct, sir?

A That's correct.

Q How did you know who you would be drawing these checks to?

A I would receive a call from Arthur Chadwick approximately once a month and make out a check according to the instructions and mail it to him in the interoffice mail in a confidential envelope.

Q Each month Mr. Chadwick gave you the payee?

A He gave me the payee and the amount.

MR. KATZBERG: I want to refer to a number of specific checks so I will have to wait for counsel.

MR. BANNIGAN: No objection from the bank.

MR. COHN: No objection.

MR. NAFTALIS: There won't be any objection but let me finish looking at them.

THE CLERK: Exhibits 157 and 157A through H, inclusive, previously marked for identification, now marked in evidence.

(So marked.)

BY MR. KATZBERG:

Q Now, Mr. Groskoph, I want to show you a check which wastaken from this exhibit of your checks. The check is dated December 29, 1972; is that correct, sir?

A That's correct.

Q And the amount, sir?

A $100.

Q And who is the payee of that check?

A Security National Bank.

Q How did you know to draw the check to security National Bank?

A I was instructed to.

Q By whom, sir?

A By Mr. Chadwick.

Q Did you ask Mr. Chadwick why you were drawing

a check payable to the bank, sir?

A Yes.

As a matter of fact, I do remember this because it was unusual. He said the bank had put out some money.

Q Did he say anything else that you recall?

A No.

Q Did you ever choose any of the candidates or committees that these checks are drawn to, yourself, sir?

A No, I did not. I asked that I be allowed to give to Republican organizations, since I am a registered Republican, but it didn't work out that way.

Q Here's a check, April 5, '73, to Harris Golden.

A correct.

Q To your knowledge, is he a Republican or Democrat?

A Democrat.

Q Here is another check drawn to Frank Powell.

A Yes.

Q What date?

A August 16, 1972.

Q Was that check requested by Mr. Chadwick?

A Yes.

Q Did you ask Mr. Chadwick why you were drawing a check to Mr. Powell?

A I don't remember asking in that case.

Q There are a number of other Democrat organizations you drew checks to Huntington Town Committee, March 13th, Democratic Club?

A That's correct.

Q A check to Mr. William Shea for a hundred dollars.

A That's correct.

Q Did you ask Mr. Chadwick why you were drawing a check to Mr. Shea?

A I don't recall asking in that case.

Q Now, I want to direct your attention to approximately November of 1974, Mr. Groskoph.

Did there come a time in November of 1974, when you were interviewed by the FBI in connection with this matter?

A Yes, I was asked to come down there. I was informed by William Alkamp, the in-house bank attorney at the time, that they'd like to talk to me and to go down there with my check records.

Q Did there come a time when you actually spoke to the FBI?

A Yes, I did.

Q Do you remember when that was, approximately?

A Some time late November, '74.

Q did there come a time after you spoke to the FBI that you had a conversation with Mr. Clifford?

A Yes.

Q And approximately how much after your FBI interview did yu speak to Mr. Clifford?

A It was the following morning.

Q That would still be around November, '74, sir?

A right.

Q Did ithis conversation take place in person or over the phone?

A Over the phone. Mr. Clifford was in New York.

Q Did you call him or did he call you?

A I can't say who called who, because at that time we were on the phone four or five times a day.

Q So you have no recollection --

A I have no recollection.

Q Would you tell the ladies and gentlemen of the Jury what that conversation with Mr. Clifford was, please?

A Mr. Clifford knew I was going down to the

FBI, because I had to keep him informed. I was reporting directing to him at the time. He knew where I was the previous afternoon in the event he had to get hold of me for any emergency within the bank.

To the best of my knowledge, he asked how things went, and I just replied: Fine.

Then Mr. Clifford indicated to me that he was shocked that a contribution system had been set up and he was totally unaware of it.

Q What if anything didyou say to that, sir?

A I did not answer it.

MR. KATZBERG: I have nothing further, your Honor.

THE COURT: Who wishes to question?

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(Continued on next page.)

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good morning, Mr. Groskoph.

A Good morning.

Q I am Gary Naftalis, Mr. Clifford's attorney.

Now, you testified here that there came a time you said in 1970, when you had a conversation with a man by the name of John McCabe, is that correct?

A That's correct.

Q And that conversation with Mr. McCabe related to whether or not you would be willing to make certain political contributions?

A That's correct.

Q And Mr. McCabe asked you if you would be willing to make certain contributions, correct?

A Correct.

Q And he indicated to you if you were willing to do it you would get a raise, is that correct?

A That's correct.

Q And you said to Mr. McCabe, "I would like some time to think it over," is that correct

A As I remember he gave me a day or two to think it over.

Q And you did think it over?

A I did.

Q And you came back to Mr. McCabe and you said you were willing to do it and he said fine and that was the end of it with Mr. McCabe?

A Right.

Q During anyone of those two conversations was Mr. Clifford present?

A Correct.

Q And during anyone of those two conversations was Mr. Dowd present?

A No.

Q And during those two conversations Mr. Powell wasn't present, is that correct?

A Correct.

Q And Mr. McCabe I take it you don't see in this courtroom?

A Mr. McCabe is not in this courtroom.

Q Now, Mr. McCabe I take it didn't threaten you?

A No, I was not threatened.

Q He didn't yell at you in a loud voice?

A No, he did not.

Q He said would you be willing, is that correct?

A He said management is intereested in having political contributions and then he asked if I was willing.

Q Now, when you say now in 1976 that you felt you had no choice, you are talking about the operations of your mind as opposed to what somebody told you, is that correct?

A That's correct.

Q In other words, you are giving an opinion?

A I am giving an opinion.

Q I think you indicated you are a registered republican?

A I am.

Q You preferrred to give your contributions to republicans, is that correct?

A Correct.

Q And isn't it correct that -- you had some conversations with Mr. Chadwick?

A Yes, I indicated to him that I would much rather give to the republican organizations.

Q And he said he'd try to honor your request?

A Yes.

Q And isn't it fair that on these occasions Mr. Clifford, Mr. Powell and Mr. Dowd were not present?

A They were all telephoned.

Q And there is a substantial amount of contributions you made to the republicans, is that not correct?

A There is a substantial number made to the democrats also.

Q Why don't you separate out for us the ones made to the republicans and the ones made to the democrats.

(Pause)

Q It's always easier to do -- separating the checks -- when you are sitting at the table there then where you are sitting where you are.

(Pause)

A On sheer weight the republicans appear to win.

Q Thank you, sir.

A I don't remember these.

MR. KATZBERG: May we have a count if there was a count -- forget it --

MR. NAFTALIS: You want me to separate them again? The witness already said the republicans overwhelmingly won.

MR. PATTISON: Objection.

THE COURT: He didn't say that.

BY MR. NAFTALIS:

Q Would you separate them again. Is it fair

to say that the much greater number were written to republicans?

THE COURT: That's not the issue. The issue is whether the contributions were proper, improper or involuntary or voluntary.

Q Is it fair to say that the greater number of checks was to the republicans rather than the democrats?

A Yes, in the beginning Mr. Chadwick was able to accede to my wishes.

Q And in those instances you gave to the democrats it was because Mr. Chadwick begged you to make the contributions?

MR. KATZBERG: Objection to beg.

MR. NAFTALIS: I have a foundation for the word beg.

A I remember Mr. Chadwick preceding one of his requests with: I hope you will -- I need some money for a democrat organization and I hope you will give it to me.

Q As a matter of fact you told the Grand Jury about the Beame birthday committee contribution.

"Question: Beame birthday committee?

"Answer: Beame birthday committee.

"Question: Do you remember that one?

"Answer: Yes, I do, because it's one of the

few I made to a democratic organization and they had to beg me for that."

That was Mr. Katzberg in the Grand Jury. Do you recall that question and answer?

A I guess I do recall it.

Q Thanks.

During the period in which you were making these contributions -- withdrawn -- you indicated, didn't you, that Mr. McCabe in his conversation with you indicated to you that the matter had been cleared by counsel, is that correct?

A I asked if it was legal and he said yes it was legal.

Q And counsel for the bank was the law firm of Shea, Gould, Climenko and Kramer?

A For the period of time I worked for the bank, it was, yes.

Q And in that law firm there was a man by the name of William Shea, is that correct?

A Correct.

Q And Mr. William Shea was the director of the bank during the period of time you were there?

A Right.

Q And his law firm and he were involved in

giving legal advice to the bank as their outside general counsel, is that correct?

A That's correct.

Q And his firm was the outside law firm that gave opinions to the bank on legal matters connected with the bank's business, is that correct -- to your knowledge?

A To my knowledge, yes.

Q And aside from his role in giving legal advice and being a director of the bank, Mr. Shea himself personally participated, at least to some extent, in the contributions program, is that correct?

A I have no direct knowledge that Mr. Shea made any contributions.

Q Didn't it come to your attention through a conversation with Mr. Chadwick that Mr. Shea had either loaned the contributions club a substantial amount of money or had made certain contributions in his own name for which the contributions club was going to reimburse him?

A Yes, and as a matter of fact there were two checks written there.

Q You are ahead of me.

And as a matter of fact my next question was going to be that amongst the series of checks you were

sorting out up there were a couple to Mr. Shea -- instead of writing a check to a particular candidate because Mr. Shea had either made contributions in advance or loaned the club money, you were helping to repay him, is that correct?

A Yes.

Q Now, during the years -- I think you indicated that you saw Mr. Clifford or spoke with him on a relatively regular basis, is that correct?

A The last six months I reported directly to him at that point.

Q And before that you had relatively frequent contact with him, is that correct?

A Yes.

Q And this was both during the time period when he was in Long Island and during the time period when he principally officed in New York, correct?

A Correct.

Q And there was a time period when he spent most or a good portion of his time in New York on bank matters?

A That was at the time of the merger with the Royal Bank where we acquired the New York offices.

Q That was in '72? If I am wrong ---

A Well, it was some time in the spring of '72.

Q So, from the spring of '72 on, Mr. Clifford spent a substantial portion of his time in New York City?

A Originally I think it was two days in New York and three out on Long Island and as time went on it became more time in New York City.

Q And there were some weeks when he spent all his time in New York and used the telephone?

A I believe there were some weeks that happened.

Q I believe you testified you had a conversation with Mr. Clifford after you spoke with the FBI?

A That's correct.

Q Did you ever at any time have a conversation with Mr. Clifford either in person or on the telephone in which the contributions club was discussed?

A No.

Q And you never discussed that fact with him though you were speaking with him on a regular basis over several years, is that correct?

A That's correct.

MR. NAFTALIS: Could I just have one moment, your Honor?

THE COURT: Yes.

(Pause)

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MR. NAFTALIS: Nothing further, your Honor.

CROSS-EXAMINATION

BY MR. RYAN:

Q Mr. Groskoph, my name is Joseph Ryan. I represent Frank Powell. Let me ask you a few questions as to checks you wrote to the Democratic organization. I see one to the Huntington Democratic Committee?

A Correct.

Q Did you ever have a conversation with Mr. Casey about that check?

A No, I did not.

Q All right. Let me show you -- would you look at the particular check No. 906; who is that payable to, please?

A Bernard Riggieri, Treasurer.

Q Would you read the endorsement to the jury?

A For deposit only, Security National Bank, New York Democratic Committee.

Q Isn't it a fact or do you know that Bernard Riggieri is a partner of Mr. Shea in the Shea law firm?

A No, I was not aware of that.

Q Let me draw your attention to two checks payable to the Beame Birthday Committee, 2146 and 2157.

Do you know or were you told that Mr. Shea was

a member of the Beame Finance Committee that requested Beame Birthday celetration contributions?

A No, I was not aware.

Q Now, let me ask you about Frank Powell.

First of all, were you aware at any time when you wrote those checks out to Frank Powell that he had made a personal loan of money to the club and that this was a repayment? Did anybody tell you that?

A Nobody was explicit as to why.

Q Okay.

Now, you have been at the bank for how long?

A I was there for six years.

Q Okay.

You are familiar with Frank Powell's reputation for honesty, integrity and truthfulness in the banking field?

A I am.

Q Would you tell the ladies and gentlemen of the jury what his reputation is for that?

A Mr. Powell is considered to be one of the more upright, honest -- in my opinion -- who has a genuine feel for the people who were working under him and a desire to make sure that they were doing all right and were happy.

MR. RYAN: Thank you very much.

At this time I would like to show the jury

Government's Exhibit 110.

MR. KATZBERG: Our problem is this: There were two red marks that Mr. Naftalis objected to. I would like the jury to see it myself, but there were two red marks that Mr. Naftalis objected to. He can tell us about that better than anyone else.

MR. RYAN: May I show it to the jury?

THE COURT: Is it in evidence?

MR. RYAN: It is in evidence.

MR. NAFTALIS: Before it is handed to the jury I would like a couple of marks deleted, and it was only submitted on that basis.

THE COURT: May I see it?

(Document handed to Court.)

Are you talking about the two red marks?

MR. NAFTALIS: Yes.

MR. KATZBERG: The Government has no objection.

THE COURT: I do not see how earthshaking the two marks are. I will allow it.

MR. NAFTALIS: They were put on by somebody -- a man by the name of Stephen.

THE COURT: The jury will disregard --

MR. PATTISON: There is no evidence of that.

THE COURT: The jury will disregard the two red

marks. Pay no attention to them.

(Document shown to jury.)

THE COURT: Wouldn't it have been easier to have read the letter to the jury by the time we wait for all sixteen jurors to read the letter, at a minute a juror, it will take sixteen minutes.

MR. RYAN: May I have the letter?

(Document handed to counsel.)

THE COURT: He will read it to you and then you will know what the letter says. You will be able to see it eventually and have it in your possession and look at it.

MR. RYAN: In the interest of saving time, this letter is headed "Citizens for Beame Finance Committee," dated February 1, 1974, and it is addressed to Mr. Clifford.

It says, "Thank you for attending the cocktail party in Abraham Feinberg's apartment last night. We greatly appreciate your pledge of twenty tickets for the Beame birthday celebration. An invitation describing the event will follow shortly. Please make your $5,000 personal check payable to the Beame Birthday Committee. A respond envelope is enclosed. Thanks again. Yours sincerely, Arlene Wolf, for Irving

Goldman, Beame Birthday Committee."

Then in the left-hand column there are a series of committee members. The one I want to point out to you is "William Shea."

THE COURT: All right.

MR. KATZBERG: May this be circulated to the jury in the meantime?

THE COURT: They will see everything in due time.

MR. COHN: I have a few questions.

CROSS-EXAMINATION

BY MR. COHN:

Q My name is Irving Cohn. I am David Dowd's lawyer.

Mr. Groskoph, there came a time, did there not, when David Dowd left the Security National Bank?

A Yes, he did.

Q And it was established by documentary evidence that this was about September 22, 1972. Do you recall his leaving the bank then?

A Yes, I recall his leaving the bank. I do not recall the date.

Q Then you recall he went over to the Nassau Trust Company?

A Correct.

Q Mr. Groskoph, I note that the last check that you wrote in a time sequence was about March of '74?

A That is correct.

Q After that you never wrote any more checks? Is that a fact?

A That is right.

Q And you are still with the bank, aren't you?

A No, I was in a position to know that Security had severe problems and I was lucky enough to have a job waiting for me at the time of the take-over.

Q When was this that you left the bank?

A Within ten days of the merger with Chemical. That would put it in either very late January or early February, 1975.

Q So from March 1974 until the early part of 1975, you still stayed with the bank?

A Right.

Q And is it correct, sir, that about March when you stopped writing these checks -- March of 1974 -- something appeared in the newspapers that came to your attention?

A Yes.

Q You saw something --

A I saw something in the papers.

Q And this was the first time, about March of 1974 that there was any information to your knowledge concerning anything relating to what appeared in the newspapers; is that correct?

A Yes.

Q And that related to the political contributions made by the Security National Bank, that is the newspaper article?

A Yes.

Q And as a result of that you stopped making the checks; is that correct?

A I --

Q After reading the article, you made up your mind -- you decided not to write the checks?

A I had a discussion with Mr. William Low, who was Executive Vice President, and I didn't get a satisfactory answer at that point, so I stopped to write the checks.

Q This was in 1974?

A Right.

MR. COHN: Thank you very much. I have no further questions.

MR. BANNIGAN: I am afraid I do. Occasionally, I have to ask some.

CROSS-EXAMINATION

BY MR. BANNIGAN:

Q When you stopped contributing in March, the salary increase that you got three years before to make contributions, was that taken away from you?

A No, it was not.

Q You kept it?

A Yes.

Q And you used that money for your own purpose, whatever purposes they were?

A Correct.

Q You testified to a question by Mr. Cohn about being in a position to know that the bank was having serious problems and then you had a job waiting for you; do you recall that?

A Yes.

Q I take it you were referring to the serious financial problems which resulted in a takeover by Chemical Bank?

A That's correct.

Q That is all you were referring to?

A That is correct.

MR. BANNIGAN: I have no further questions.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q Do you recall on cross-examination you were shown the letter of February 1, 1974 to Mr. Clifford, Exhibit 110. Do you remember that?

A I was not shown it --

Q I am sorry, I will show it to you now.

Do you see anybody else's name, other than Mr. Shea, as a member of this Citizens for Beame Committee, who was from the bank?

A Patrick J. Clifford.

MR. KATZBERG: Thank you, sir.

THE WITNESS: I haven't --

MR. KATZBERG: I am sorry?

THE WITNESS: I do not recognize any other names.

MR. KATZBERG: Thank you, sir. I have nothing further.

THE COURT: All right, you may step down.

Call your next witness.

MR. KATZBERG: Your Honor, the Government calls Ralph Gargano.

THE COURT: Is it Ralph or Michael?

MR. KATZBERG: I am sorry, Michael.

MICHAEL GARGANO, called as a witness, having been first duly sworn by the Clerk of the Court, took the stand and testified as follows:

THE CLERK: State your full name, please.

THE WITNESS: Michael Gargano.

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Gargano, what is your current employment, please?

A I work for the Chemical Bank.

Q Keep your voice up so we can all hear you; will you tell us what position you hold with the Chemical Bank?

A I am Vice President.

Q How long have you been an employee of Chemical?

A If you count the time I was with Security, eleven years, which is one and the same bank.

Q When for the first time did you technically become an employee of Chemical?

A January 19, 1975.

Q Is that when Chemical took over Security?

A Yes.

Q Prior to that time you worked for Security?

A Yes.

Q Whendid you start work at the Security National

Bank?

A May 8, 1965.

Q And did you work continuously at Security from March of 1965 through the take-over by Chemical in January of 1975?

A Yes, I did.

Q What was your title when you started in 1965 with the Security National Bank?

A My classification at that time was Manager.

Q And did there come a time when you received a promotion, sir?

A Three months after I was with Security I was promoted Assistant Vice President.

Q Thereafter, did you receive any other promotions?

A Yes, in 1966, I guess it was, I was promoted to Vice President.

Q Now, I want to draw your attention to the period of time approximately in December of 1970.

What was your title in the bank then? Do you recall?

A I was Regional Vice President.

Q Regional Vice President?

A Yes.

Q Is that a promotion from Vice President?

A At the time it was.

Q Thank you, sir.

Where was your office located in December of 1970?

A In Huntington, 350 Main St.

Q Now, whom did you report to at that time?

A A man by the name of Van Ess Darling, who in turn reported to a man, Douglas Wulleff.

Q During this period of time, did you report at all to Mr. Dowd -- David Dowd?

A Indirectly.

Q Now, again speaking about the same period of time of approximately December of 1970, did there come a time when someone spoke to you, sir, about making political contributions?

A Yes, they did.

Q Who was that?

A David Dowd.

Q Where did this conversation with Mr. Dowd take place?

A In his office at 350 Main St.

Q Still in Huntington?

A Yes.

Q Now, who initiated this conversation, yourself or Mr. Dowd?

A He did.

Q Was anybody else present other than the two of you?

A No, there was not.

Q Now, as best as you can recollect it, Mr. Gargano, would you tell the ladies and gentlemen of the jury what that conversation was?

A Dave asked me if I would like to become a member -- he didn't say "member" at that time. He asked me if I would like to contribute to various political organizations on a monthly basis.

Q Go ahead.

A And that I would be compensated for doing it and I would be given an additional salary increase of $1,700 to do so and I would be called upon from time to time to contribute $100 and each check would be made payable to various organizations and I would be instructed to whom to make them payable.

Q How often would you be requested to make these payments of $100?

A Approximately on a monthly basis.

(continued next page)

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Q Now, prior to that time, had you ever heard that there was a group of officers at the bank who were making political contributions?

A No, I did not.

Q Did you ask Mr. Dowd about that?

A I don't remember whether I did or not.

Q Now, can you tell us how it came about that Mr. Dowd -- what the conversation was that led Mr. Dowd to offer you the $1,700 salary increase?

A When I was asked to contribute I indicated to him that I would not be able to do it out of my own salary. He then suggested that he would be given a salary increase and that would cover the $100 a month and the tax that would be involved.

Q Do you recall anything else that was said during the course of this conversation that you have not already related?

A That I would be getting it probably at my next -- in due time, which would be in January.

Q The salary increase?

A Correct.

Q Did you agree to contribute at this time, sir?

A Yes, I did.

Q Did you believe that you had a choice in this

matter?

MR. COHN: Again we object.

THE COURT: I will allow it. Leave out the word "believe." Did you have the choice?

MR. KATZBERG: I will ask the question in that way, did you have the choice?

A I don't really think so.

Q Now, did there come a time when you actually received the increase that Mr. Dowd had promised you, sir?

A Yes, I did.

Q You indicated that he said that you would get $1,700?

A Correct.

Q And this was the time when the normal merit increases were awarded; is that correct?

A Correct.

Q Do you remember how much money you received after this conversation?

A Total?

Q Yes.

A Approximately $4,400.

Q I want to show you, Mr. Gargano, what has been marked already as Exhibit 19 for identification. I want you to look at Exhibit 19 and I want you to tell us whether or

not you see recorded on there the salary increase that you received subsequent to your conversation with Mr. Dowd?

A Yes, I do.

Q What is the date of that increase?

A January 4, 1971.

Q What is the total amount of that increase?

A $4,500.

Q You indicated that 1,700 of that was for the club?

A Yes.

Q The remainder of that was for merit?

A Correct.

Q There are other increases on that exhibit; is that correct?

A Yes, there are.

Q Tell us whether or not all of the information contained on that exhibit, Exhibit 19, are a fair and accurate depiction of your salaries and your titles at the Security National Bank in the years that you were employed there?

A Yes, they are.

MR. KATZBERG: At this time the Government would offer into evidence Exhibit 19 for identification.

(Shown to counsel.)

MR. COHN: No objection.

THE COURT: Any objection?

MR. RYAN: No objection.

MR. BANNIGAN: I would like to look at it first, your Honor.

No objection.

THE COURT: All right, mark it.

THE CLERK: Government's Exhibit 19, previously marked for identification, marked in evidence.

(So marked.)

MR. KATZBERG: Thank you.

Q Did there come a time, Mr. Gargano, after you received this raise, when you began to make the political contributions required?

A Yes, there did.

Q Do you recall when for the first time you made those contributions?

A Some time early in 1971. Can't remember the exact date.

Q Mr. Gargano, I want to show you Exhibit 158 for identification. I want you to look at its contents and tell us whether or not you recognize it.

A Yes, I do.

Q What do you recognize that to be?

A These are checks that I made out.

Q Are these the checks that you wrote pursuant to the contributions, sir?

A Yes, they are.

Q I notice the checks begin in 1972. Do you know what happened to the 1971 checks?

A No, I do not.

Q Those checks were turned over to you by the FBI, sir?

A I turned them over to them.

Q Were turned over by you to the FBI?

A Yes.

Q And this was after you searched your records of the checks that you could find?

A This is all I had.

MR. KATZBERG: Thank you, sir.

At this time, the Government would offer into evidence 158, 158A through E, inclusive.

MR. COHN: No objection.

MR. RYAN: No objection.

MR. BANNIGAN: I would like to look at them.

MR. NAFTALIS: No objection.

MR. BANNIGAN: No objection.

THE COURT: All right, mark them.

THE CLERK: Government's Exhibit 158, 158A through E, marked previously for identification, now received in evidence.

(So marked.)

Q Mr. Gargano, how would you know whom to draw those checks payable to?

A I would receive a call from Arthur Chadwick and he would indicate who I would make them payable to.

Q When for the first time did you learn that you would be getting these calls from Mr. Chadwick?

A Mr. Dowd indicated that I would be getting those calls.

Q On approximately how frequent a basis would Mr. Chadwick call you for these checks?

A Approximately once a month.

Q And would you tell the ladies and gentlemen of the jury what information he would convey to you in those phone calls?

A He would indicate the amount and the payee.

Q And each of every one of those checks were drawn by you at his instruction, sir?

A They were drawn at his instruction and yes

payee that Mr. Chadwick represented?

A Yes, on several occasions.

Q What would happen in that circumstance?

A Either he would give me another payee's name or no one at all and it would be deferred until another month.

Q What would happen at the subsequent month?

A I would give him probably more than one check.

Q To make up for the past month?

A Yes.

Q Did you ever disagree as to the amount?

A No.

Q How would you transfer these checks to Mr. Chadwick?

A In an inter-office envelope.

Q Would you mark it in any way?

A I would address them to Arthur Chadwick.

I might add there were other times when I physically handed them to him, since he was in the same building as I was.

MR. KATZBERG: I have no further questions, your Honor.

THE COURT: Mr. Cohn.

CROSS-EXAMINATION

BY MR. COHN:

Q Mr. Gargano, my name is Irving Cohn and I am David Dowd's lawyer.

I just want to ask you a few questions. I know that the last check that you wrote was some time in March of 1974; is that correct?

A That's correct.

Q And Dave Dowd had already left the bank, had he not?

A I believe he had.

Q We established here it was about September 22, 1972; does that refresh your recollection?

A I am not sure of the exact date, but it was some time that year.

Q And you went to the Nassau Trust Company?

A Correct.

Q And you stopped writing these checks because of something that came to your attention in a newspaper article that came out about that time; is that right?

A Correct.

Q And you discussed this newspaper article with other people in the bank, did you not?

A Yes, I did.

Q As a matter of fact, that this was the first time in March of 1974 that there was any information that you

9 1 became aware of concerning this matter that was reported in
2 the newspapers concerning political contributions; is that
3 correct?
4 A Please say it again?
5 Q This newspaper article that came out in March
6 of 1974, this is the first time that you had read or heard
7 anything about what that article reported on?
8 A Yes.
9 Q As a result of that article, you stopped making
10 checks -- you stopped making any more checks; is that right?
11 A That is correct.
12 Q And you also know that others at the bank
13 stopped making checks at or about that time?
14 A Those that I had talked to indicated that they
15 had stopped, as well.
16 Q You continued to stay on as an employee of the
17 bank?
18 A Yes.
19 Q And notwithstanding the merger, you are still
20 an employee of the bank in March of 1976?
21 A Correct.
22 Q When you stopped making these payments, did
23 anybody ask you to pay back any money?
24 A No.
25

Q You kept getting whatever salary you were getting at that time?

A Correct.

Q Let me take you back to the time that you were talking to David Dowd and you were discussing these contributions.

Mr. Katzberg asked you if you were alone in the office or was anybody else present, do you remember that?

A Yes.

Q You said the two of you were alone?

A Correct.

Q This wasn't the first time that you and Dave sat in his office alone?

A Correct.

Q As a matter of fact, you two would be alone on many occasions when you discussed ordinary bank routine?

A Correct.

Q Nothing conspiratorial about that?

MR. PATTISON: Objection to the form.

A No.

THE COURT: Yes, the form is bad.

MR. COHN: He answered already.

Q Nobody pulled a curtain or closed the door or you people got into a closet or a men's bathroom to discuss

this, did you?

A That is correct.

Q It was done in David Dowd's office?

A That's right.

Q In the regular course of business during the daytime?

A During the daytime.

Q And when you would get these telephone calls from Arthur Chadwick, it was done during the regular course of business at the bank?

A Yes.

Q According to the Visi card that Mr. Katzberg showed you, is it correct, at the time that David Dowd had this conversation with you your salary at the time was $22,500?

A That is correct.

Q And as a result of your conversation with Dave Dowd your salary then went up to $27,000; is that right?

A That is right.

Q Twenty-two five to twenty-seven thousand?

A Correct.

Q And you were asked to contribute out of that twenty-seven thousand a hundred dollars a month?

A That is correct.

Q I note that some of the checks that you wrote -- two of the checks that you wrote were to a gentleman named William Shea?

A Yes, I just saw it.

Q Do you recall Arthur Chadwick calling you and asking you to make out these two checks to Bill Shea for $100?

A Correct.

Q Did you know at that time that Bill Shea was a director of the bank?

A Yes, I did.

Q Did you know at that time that he was also a principal stockholder of the bank?

A Yes, I did.

Q Did you know at that time he was also the senior partner of a law firm that represented the bank?

A Yes, I did.

Q You never questioned Mr. Chadwick when he asked you for this contribution to Shea?

A I don't believe I did.

Q You didn't refuse to make out this check to Bill Shea -- to the order of Mr. Shea?

A No, I did not.

MR. COHN: Just bear with me a minute, your Honor?

(Pause.)

I think I am finished. No further questions.

THE COURT: Anybody else?

MR. RYAN: Just one question.

CROSS-EXAMINATION

BY MR. RYAN:

Q Mr. Gargano, are you familiar with Frank Powell's reputation for honesty, integrity and truthfulness?

A Yes, I am.

Q Will you tell the ladies and gentlemen of the jury what his reputation is?

A It has always been regarded in the highest esteem. I personally liked Mr. Powell and have always respected him, as everyone else has.

MR. RYAN: Thank you.

THE COURT: Anything further?

MR. NAFTALIS: Just a couple.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good morning, Mr. Gargano.

A Good morning.

Q Either at the time that you were asked by Mr. Dowd to participate as a contributor or subsequently, you learned, did you not, that the monies would be used to

14

purchase tickets for various functions; isn't that correct?

A Correct.

Q Such as dinners and cocktail parties and clambakes and golf outings that were prevalent on Long Island during this period?

A Correct.

Q And you yourself, like a good member of the officers in the bank, who were contributors, went to these dinners; isn't that right?

A Yes, we did.

Q Would you say that you yourself went half a dozen times a year at least?

A More than that.

Q And some of these dinners were very big affairs?

A Correct.

Q With perhaps thousands of people at them?

A Yes.

Q And among these thousands of people would be representatives of other competitor banks of the Security National Bank; is that correct?

A Correct.

Q Such as the National Bank of North America?

A Yes.

Q The Franklin Bank?

A Yes.

Q Bankers Trust Company?

A Just about every bank.

Q Chase, Morgan Guarantee?

A Yes.

Q Everyone was there.

I take it it is fair to say the reason that tickets were purchased as a result through these contributions made by you and other officers, was not to influence the elections of any particular candidate in whose honor the dinner was had, but to aid the business of the bank?

MR. PATTISON: I object.

THE COURT: I will let him answer the question.

Q Do you remember my question?

A Yes.

I believe it was to aid the bank.

Q That is that the officers of the bank were interested in being seen at these dinners and to speak to the people present, other bankers and community leaders; is that correct?

A Yes.

Q When you went to these various dinners, including the ones with thousands and thousands of people, you did not hide the fact that you were from the Security National Bank?

A Correct.

Q You would tell them that you were from the Security National Bank?

A That was the purpose.

Q You said: "Hi, I'm Mike Gargano. I am from the Security National Bank" and you would be introduced to whoever the other fellow was, and you would sometimes give them your business card and sometimes this would lead to business activity for the bank; is that correct?

A Yes.

Q A potential loan or deposit might come to the bank as the result of an introduction that you had at a dinner or golf outing or the like; is that correct?

A Correct.

Q Then just one last question:

I represent Mr. Clifford -- Patrick Clifford. I take it it is fair to say you never had a conversation with Mr. Clifford about these contributions; is that correct?

A That is correct.

Q Never discussed the matter with him at any time?

A Never.

MR. NAFTALIS: Thank you very much.

THE COURT: Any other questions from anyone?

MR. BANNIGAN: Just one second, your Honor.

(Pause.)

MR. BANNIGAN: Just a few questions.

CROSS-EXAMINATION

BY MR. BANNIGAN:

Q My name is Gene Bannigan. I am from the firm of Lord Day & Lord, and we represent the bank.

When you had your initial conversation with Mr. Dowd about your coming into the club and making these contributions, did Mr. Dowd raise his voice in the conversation with you?

A No, he did not.

Q Did he threaten you in any way?

A No, he did not.

Q You testified on direct examination in response to a question by Mr. Katzberg that you felt that you did not have a choice about joining the club; do you recall that?

A That is correct.

(continued next page)

Q I take it, sir, that that filing on your part was entirely subjective and not based on any object of fact or statements made to you; is that correct?

A May I elaborate?

Q Can you answer my question? Let me see if I can rephrase it.

Did Mr. Dowd say anything to you in his conversation with you about joining the club, that if you didn't join, that your career at the bank is over?

Did he say that to you?

A No, but I --

Q Yes or no?

A No, he did not.

Q I just want to know what he said. Not what you thought. Just what you can testify to. So I will rephrase the question.

Then your concern was one of subjective concern? You thought in your own mind that something might happen as opposed to being told that something might happen; is that correct?

A Yes.

MR. BANNIGAN: No further questions.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Gargano, you just indicated in response to one of Mr. Bannigan's questions that you wanted to elaborate on your answer?

A Yes.

Q Will you please do so now, if you still want to do so?

A Yes. In asking me to join and give these contributions, it was indicated that I, in addition to others, were selected as a member of the team. I am not sure of the phrasing now. As a member of the team or a certain select group that would be chosen. Because they were members of the team within the bank -- people within the bank that had a good future within the bank.

Those may not be the exact words he used, but these are the phrases that I remember.

Q And what, if any, relationship did those phrases have to your own feeling that it as not voluntary?

A In my mind, I felt --

MR. BANNIGAN: I object.

THE COURT: Yes. It's a bad question.

All right.

MR. BANNIGAN: One question, your Honor.

RECROSS-EXAMINATION

BY MR. BANNIGAN:

Q In fact, sir, you did go places in the bank, did you not?

A Correct.

Q Your salary when you started at the bank was about $10,000; is that correct?

A In '65, that's correct.

Q And when the bank was taken over by Chemical your salary exceeded $30,000; is that not correct?

A That's correct.

MR. BANNIGAN: No further questions.

MR, KATZBERG: Nothing further.

THE COURT: All right, you may step down.

(Witness excused.)

THE COURT: All right, we will take a recess. Don't discuss the case.

(Whereupon, the jury retired from the courtroom.)

(Recess taken.)

THE COURT: All right.

MR. KATZBERG: May we proceed, your Honor?

THE COURT: Yes.

MR. KATZBERG: Will you mark this batch of

checks?

THE COURT: All right, bring the jury in, please.

(Whereupon, the jury entered the courtroom.)

THE CLERK: Document marked for identification as Government Exhibit 159.

THE COURT: All right, we are ready to start again.

G E O R G E B A R R I E , called as a witness, after having been first duly sworn by the Clerk of the Court, testified as follows:

THE COURT: All right.

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Barrie, in a loud, clear voice, sir, so everybody can hear you, can you tell us by whom you are currently employed?

A Chemical Bank.

Q What is your position with the Chemical Bank, sir?

A I am a Vice President in the Operations Division.

Q When did you start working for Chemical?

A January of 1975, at the time of the merger.

Q Now, prior to January of 1975, by whom were

you employed?

A Security National Bank.

Q When did you start to work for the Security National Bank, sir?

A October of 1950.

Q Now, did you work at the Security National Bank from 1950 continuously to 1975, sir?

A Yes, sir.

Q Now, when you started working for the bank, what was your title in 1950?

A I believe it was -- in '50, it was the Northport Trust Company, sir. And we were subsequently merged into the Security in 1953.

Q What was your title at that time?

A In 1950?

Q '53.

A '53, I was Assistant Cashier.

Q Now, I want to direct your attention to the year 1967. Would you give the ladies and gentlemen of the jury your title at the Security National Bank at that time?

A I believe I was Vice President and Deputy Comptroller.

Q Is it fair to say that between 1953 and 1967 you received a number of promotions until you were Vice President

and Deputy Comptroller?

A That's correct.

Q Now, who did you report to at that time? I'm sorry.

Who did you report to in 1967?

A Mr. Frank Powell.

Q What was his title?

A I believe he was Vice President and Comptroller at that time.

Q You were his deputy; is that correct?

A That's correct.

Q Now, where was your office located physically in 1967, sir?

A In Huntington.

Q Now, I want to direct your attention to approximately november of 1967. Did there come a time when someone spoke to you about making political contributions?

A Yes, sir.

Q Who was that, sir?

A Mr. Frank Powell.

Q Where did the conversation take place?

A In his office.

Q Who initiated that conversation?

A Mr. Powell.

Q Anybody else present?

A No, sir.

Q To the best of your recollection, Mr. Barrie, could you tell the ladies and gentlemen of the jury what Mr. Powell told you at that time?

A He told me that the directors had been buying tickets for political affairs and making political contributions, and that the demand was getting so great that there was another way of handling this that was coming about. And that is to give the officers, the up-and-coming officers -- the officers of higher rank, a $1,700 a year increase, to pay back $1,200 to -- to make political contributions.

Q Did he indicate whether or not the records had been reimbursed or compensated?

A No.

Q Did he say anything in that regard at all?

A Not that I recall.

Q Now, did he indicate why the system would be changing from the directors to the officers?

A Yes. That the demand was --

MR. NAFTALIS: Objection. It's been answered.

THE COURT: I think he answered it.

MR. KATZBERG: All right, I will go on.

Q Could you go on with the conversation, what

else was said after that?

A That I would -- a $1,700-a-year increase, of which I would give back $100 per month to make a political contribution, and $500 being to take care of taxes.

Q What, if anything, did you say to that, sir?

A Well, I said to Mr. Powell, as I recall, that I had no children at the time and I didn't know whether 1,700 would be enough to cover my taxes. And he said, "Well, it's $1,700. There's no exceptions."

Q What did you say to that?

A I said, yes, I will be willing to go along.

Q Was anything said about to whom you were to make these payments?

A To Betty Jaeger, Mr. Powell's secretary.

Q Did there come a time after you agreed to participate -- withdrawn.

By the way, did you consider this participation on your own to be voluntary?

A Yes, sir.

Q Now, did there come a time --

MR. NAFTALIS: Excuse me. Yes?

MR. KATZBERG: The answer was yes.

Q Did there come a time after you told Mr. Powell you agreed to participate in this matter that you actually

received the $1,700 salary increase you were promised?

A Yes, sir, I did.

Q Mr. Barrie, at this time I want to show you what has already been marked in evidence as Government Exhibit 3. I want you to look at Exhibit 3 and tell us whether or not you see on that card the $1,700 salary increase you just told the jury about?

A Yes, sir, I do.

Q What is the date of that increase, sir?

A 11/27/67.

Q Now, what is the very next entry on that visi card after the $1,700 increase on 11/27/67?

A $4,000 increase.

Q What is the date of the $4,000 increase?

A January 8, '68.

Q Less than two months later; is that correct?

A That's correct.

Q That was a merit raise?

A Yes.

Q How much?

A $4,000.

Q Now, what was the -- are there any other increases that you got prior -- what was the last increase you got prior to 11/27/67?

A $1,700 increase, July 25, 1966.

Q Is there one after that?

A I am sorry. 2/6/67.

Q How much did you get in February of '67?

A $5,000.

Q Thank you , sir.

Now, subsequent to the time that you received the $1,700 contribution increase, Mr. Barrie, did there come a time when you began making these contributions?

A Yes, sir.

Q Approximately when did you start?

A I would say almost immediately after receiving the increase.

Q How did you make these contributions? In what form did the contributions take?

A I gave cash to Betty Jaeger.

Q How would you physically transmit cash to Mrs. Jaeger?

A I -- I would hand it to her. I was located right in the same office.

Q Now, for approximately how long a period of time did you pay in cash to Mrs. Jaeger, sir?

A I would say a year, a year and a half, sir.

Q Then what happened?

A I would say I was transferred down to the Melville office to the data processing center. And so I was consequently seven to eight miles away and I would make a check payable to Mrs. Jaeger.

Q Approximately when was this, this transfer to Melville, if you recall?

A I would say some time in '69. I am not sure.

Q By the way, did the decision to pay cash, was that your own decision?

A Yes. A matter of convenience.

Q Excuse me?

A It was a matter of convenience.

Q Now, you indicated that you --- that once you transferred offices and was some distance away you began to pay by check; is that correct?

A That's correct.

Q Now, how would you send the check? How would you physically transmit the checks to Mrs. Jaeger?

A In an inter-office envelope marked confidential.

Q Mr. Barrie, I want to show you the contents of what has been marked as Exhibit 159 for identification. I want you to look at that exhibit and tell us whether or not you recognize what it contains.

A These are my checks, sir.

Q Are those the checks that you wrote pursuant to the contribution organization?

A Yes, sir.

Q What is the date of the first check in the batch, sir?

A April 10, 1969.

Q Does that refresh your recollection as to when you moved and when you started writing the checks rather than paying cash?

A Yes. It was probably right around that date, sir.

Q Thank you, sir.

Did there come a time, Mr. Barrie, when you -- withdrawn.

Who was the top check made payable to, sir?

A The top check was payable to cash, sir.

Q Thereafter, who were the checks drawn to?

A Betty Jaeger. Betty Jaeger.

Q Did there come a time when you no longer wrote your checks payable to Betty Jaeger?

A Yes.

Q Looking through that exhibit, can you tell us what the date of the last check drawn to Betty Jaeger was?

A August 28, 1970.

Q Thank you, sir.

What is the date of the next check?

A October 1, 1970.

Q Now, could you tell us how it came about that you stopped drawing your checks payable to Mrs. Jaeger?

A Yes, sir. I received a phone call -- I am sorry, but I don't recall from whom -- saying it would be a new method of paying, that we would be called by Arthur Chadwick, and to make a check payable to whoever he told us, and send the check to Arthur Chadwick for further distribution.

Q Now, were you told why the system was being changed from writing your checks to Mrs. Jaeger to writing your checks as per Mr. Chadwick's instructions?

A No, sir.

Q Did you ask?

A No, sir.

Q Did there come a time when Mr. Chadwick did indeed call you up?

A Yes, sir.

Q Would he regularly call you thereafter?

A Yes,sir.

Q What information would Mr. Chadwick convey to you in this phone call?

A He would tell us whom to make the check payable

and how much for.

Q How would you physically transmit he checks to Mr. Chadwick?

A Through the inter-office mail, sir.

Q Same way as before?

A Yes, sir.

Q Now, is it fair to say, sir, that on each and every one of the checks that you wrote subsequent to the August 28, 1970 check was drawn by you as per Mr. Chadwick's instructions?

A Yes, sir.

(continued next page)

BY MR. KATZBERG:

Q Did you ever not go along with the political committee or the politician or the event that Mr. Chadwick asked you to write the check to?

A No, sir.

Q Did you ever not go along with the amount?

A No, sir.

Q Now, looking through that exhibit, sir, see if you can find a check made payable to William Shea.

A Yes.

Q What is the date of the check?

A January 8, 1971.

Q Did you ask Mr. Chadwick why you were drawing a check to Mr. Shea?

A Yes, sir.

Q What did he say?

A He stated that Mr. Shea had made a loan, that funds were short, and Mr. Shea advanced some money, and this was to repay him.

Q Did you ever speak to Mr. Powell about the Shea loan?

A Yes.

Q You worked closely with Mr. Powell; is that correct?

A Yes.

Q Was anybody else present when you had this conversation

with Mr. Powell about the Shea loan, if you recall?

A I don't recall. It might even have been on the phone.

Q Will you tell the ladies and gentlemen of the jury what that conversation was about the Shea loan?

A Mr. Powell confirmed that he loaned money, and that he also lent money, and that funds were short.

Q He also, meaning Mr. Powell?

A Yes.

Q Look through that batch of checks that are on your desk now, sir. And do you see a check in that exhibit -- and for the record, it's Exhibit 159 -- do you see if there are any checks drawn payable to Mr. Powell?

I will help you out. Look for August 15, 1972.

A Yes, sir.

Q Did you ever speak to Mr. Powell about your drawing your check to his order?

A I don't know whether the conversation took place about Mr. Shea's loan or I assume that this was money Mr. Powell had advanced.

Q Now, look through that exhibit to a check drawn 12/27/72.

A Yes, sir.

Q Who was the payee of that check? Who was that

check drawn to?

A Security National Bank.

Q Did you ask Mr. Chadwick why you were drawing a check to the bank?

A I don't recall ever asking him, sir.

Q By the way, Mr. Barrie, were you ever told by anyone at the bank during any of the years that you worked at the bank that you were a member of the Long Island Public Affairs Club?

A No.

Q Were you ever told by anybody that any of the checks you were writing were going into the Long Island Public Affairs Club during the years that you worked there?

A No, sir.

Q I want you to look at the back ofthe last two checks you wrote to Mrs. Jaeger, August 14th and August 28th, 1970. Could you read for us the endorsement on the back of those checks.

A For deposit, LIPA Club, Betty Jaeger, assistant treasurer, I guess it is.

Q Do you remember the first time you actually saw that endorsement, sir?

A When I went through these checks with the FBI, I believe was the first time that I noticed it.

Q Thank you, sir.

Now, I want to direct -- withdrawn.

MR. KATZBERG: Let me first offer the checks in evidence. At this time the Government would offer the contents of Exhibit 159 now marked for identification into evidence.

MR. COHN: No objection.

MR. BANNIGAN: May I see them briefly, your Honor, if I might.

THE COURT: All right.

MR. BANNIGAN: No objection.

MR. NAFTALIS: I have no objection, but can I look at them while you are examining the witness. I won't delay. You can go right ahead.

THE CLERK: Government Exhibit 159 previously marked for identification marked in evidence.

(So marked.)

Q Mr. Barrie, I want to direct your attention to the year 1966. More specifically to approximately September of 1966. Did there come a time, sir, in that area approximately in time that you had a conversation with Mr. Clifford on the subject of postage stamps?

A Yes, sir.

Q And could you tell the ladies and gentlemen of

the jury how that conversation came about? What happened?

A My desk was adjacent to Mr. Powell's office. Mr. Clifford came up, beckoned to me. We went into Mr. Powell's office because he was not in that day. I don't know whether he was on vacation or where he was. He said to me, "I want you to do something for me."

I said, "Yes, sir."

He said, "Frank isn't around."

He said, "I want you to get me 500 in postage stamps and send them to such and such a political campaign headquarters.

I don't recall their name, sir.

Q Did Mr. Clifford say anything else about what you were to do in this regard?

A Yes. Have them delivered there.

Q Were you to say anything or have anything said to the people who were receiving the postage stamps?

A Yes, sir, that these were from Mr. Clifford.

Q You were doing this when Mr. Powell was not around?

MR. NAFTALIS: Objection. He repeated the conversation.

THE COURT: He told us he wasn't there.

Q Now, will you tell us as a result of this

conversation what if anything you did?

A I drew an expense check for $25, sent one of my men to the post office, had stamps purchased, wrapped them up and had them delivered to where I had been told to deliver them. Idon't recall where, sir.

Q Now, you said that you had an expense check drawn?

A Yes.

Q Is that a bank check?

A Yes, sir.

Q You utilized bank funds?

A Yes, sir.

Q Now, when Mr. Clifford asked you to do this, did he give you any money to purchase the stamps with, sir?

A No, sir.

Q Now, do you recall whether or not you yourself delivered these stamps to the political committee involved or somebody else did?

A Someone else did. I did not.

Q Do you know who it was?

A I believe it was John Hines.

Q Now, did there come a time after the stamps were delivered -- withdrawn.

Do you recall -- you said thatyou drew a bank

check. You had a bank check for $25 draw; is that correct?

A That's correct.

Q Who was the payee of the check? Who was the check drawn to?

A Postmaster, Huntington, New York.

Q That check was used to buy the stamps?

A Correct, sir.

MR. COHN: Can we fix the date for all of this?

THE COURT: 1966.

MR. COHN: Thank you, your Honor.

Q Now, after you did this, could you tell the ladies and gentlemen of the jury what happened shortly thereafter?

A A day or two later I received a call from Mr. Clifford. And he was quite annoyed.

He said, "What the hell --"

MR. NAFTALIS: I object to the characterization.

THE COURT: No characterizations.

MR. NAFTALIS: Just what he said.

THE WITNESS: I'm sorry.

He said, "What did you do to me?"

He said, "I thought I told you to send $500 worth of stamps over there."

I said, "I'm sorry. I misunderstood. I thought

it was 500 stamps."

Stamps were five cents at that time. And I drew a check for $25. And that's what I bought, 500 stamps.

Q What did he say to that?

A Well, he said, "You embarrassed me. Get the rest of it over there."

Q After that conversation what if anything did you do?

A I drew a check for $475, repeated the same procedure as before, had the stamps purchased and delivered.

Q When you say you drew a check, was that a bank check or your own check?

A No, another bank check. Another expense check.

Q Who was the subsequent check drawn to?

A Postmaster, Huntington, New York.

Q And the same procedure was utilized?

A Yes, sir.

Q Now, after this initial two conversations about the stamps, did there come a time when you were again requested to purchase stamps?

A Yes, sir.

Q And how many times after this initial incident in 1966?

MR. NAFTALIS: Your Honor, could we approach the bench for a moment?

(The following took place at the side bar.)

MR. NAFTALIS: As I understand it, both from reading this man's Grand Jury testimony and interviewing him, he had but --

Let me start again for Mr. Ryan's benefit.

MR. RYAN: It's all right. Go ahead.

MR. NAFTALIS: As I understand from both interviewing this man and from reading his Grand Jury testimony, that other than these two conversations regarding the purchase of stamps, that is the only conversation he had with Mr. Clifford on the subject.

I'm not talking about an anonymous letter. That is something different. That I can object to you were going into.

He does, however, say that he had conversations with somebody else, a secretary, who was a secretary for Mr. Clifford, who is now deceased, on the subject of stamps. Obviously, your Honor, we would object strenuously to any reference to any conversation with the secretary because it is plain hearsay. And she's a dead woman anyway.

Secondly, we would also object very strongly to

any testimony about any event because there is no connection, nor can there be any connection between any of those events and what Mr. Clifford knows or does not know. And that's the only relevant issue here in this case, particularly since they do have a specifically substantative count relating to knowledge or lack of knowledge of buying stamps.

I think it's extremely prejudicial. And they are not able to connect it.

MR. PATTISON: We will be able to show that Mr. Clifford's secretary was in fact working for him, that she did operate under his orders, that he rarely if ever got a private call -- a personal call from her asking him to do anything which was other than bank affairs, business, and that she was merely a messenger.

MR. KATZBERG: Judge, I am going to say --

MR. NAFTALIS: Can I -- can we have one at a time?

If your Honor please, that all may be true or may not be true. But the woman is dead. We have no way of confronting her. And number two, this witness has said in the Grand Jury and in the interviews that they had with him that the woman never mentioned that she was acting at Mr. Clifford's direction. He could

guess and speculate and do a lot of things, all of which may or may not be true. But the simple fact is I think it would be terribly unfair, particularly when there is no connection. There is a specific substantive count in this which relates to what the man did or did not know specifically. And they have a specific conversation and -- they have two conversations in readiness directly and I can't object to them, nor would I object to them, but this is --

MR. KATZBERG: Judge, I'm going to try to avoid in the examination of this witness what Mrs. Solomon said. That's the hearsay part. What I am -- what I will attempt to do, whether artfully or inartfully, is just, did you speak to Mrs. Solomon, and as a result of that what did you do.

THE COURT: That's all right. The conversation is --

MR. KATZBERG: Yes.

MR. NAFTALIS: Except --

THE COURT: I will allow it. But if she's a dead person, how can they cross-examine?

MR. KATZBERG: I agree.

MR. NAFTALIS: Except the problem is they are going to try -- even without any connection whatsoever

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they will intend to argue to the jury that there were other occasions, and that Clifford must have known about it. It was his secretary. And we have no right of confrontation.

MR. PATTISON: That's a reasonable inference. Perfectly proper.

MR. NAFTALIS: It's totally unfair.

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MR. KATZBERG: No.

MR. NAFTALIS: And this witness will say that in that conversation Mr. Clifford's name wasn't mentioned.

MR. KATZBERG: Judge, Mr. Casey, as you might recall, also said that he had a conversation with Mr. Clifford where he --

THE COURT: Who?

MR. KATZBERG: Mr. Casey. Mr. Casey was the recipient --

MR. NAFTALIS: He did not --

MR. KATZBERG: He was the recipient of these stamps in 1970.

MR. NAFTALIS: I beg to differ. Mr. Casey testified to conversations about stamps. And he said -- he said he specifically had no conversation with Mr. Clifford about stamps.

MR. KATZBERG: Was it with Mr. Solomon that he picked up the stamps?

MR. NAFTALIS: I don't know. He specifically didn't say that.

MR. RYAN: Your Honor, on behalf of the defendant Powell, I object to stamps. I'm trying a salary increase case and not a stamp case.

MR. PATTISON: Count One in the indictment.

THE COURT: Count One says other things.

MR. KATZBERG: Not only this, but Count 21 and Count 22, the false statement counts.

THE COURT: But you've got stamps in there. Why do you need the balance of it? Why create a problem on a question of a dead person doing something?

MR. KATZBERG: I'm going to ask the --

THE COURT: I don't understand it from here.

MR. RYAN: It just creates an innuendo.

THE COURT: This is cumulative. Just because you beat a dead horse, that doesn't mean you beat it to death again. It's cumulative at this point.

MR. PATTISON: The stamp issue, I would offer to the Court, is not --

THE COURT: But he's already said that. You have direct proof of stamps.

MR. PATTISON: That was on one occasion.

THE COURT: Two occasions. The 25 and 475. You have Mr. Casey.

MR. PATTISON: We want to show that this went on.

MR. NAFTALIS: You've got a witness --

MR. PATTISON: Please.

MR. NAFTALIS: That is unimpeachable, to boot.

MR. PATTISON: Will you please let me finish.

We merely want to show, your Honor, and I think it's relevant probative evidence that this stamp incident didn't stop, that it went on. Now, if we could do that in the shortest possible manner --

THE COURT: I will allow one question but --

MR. PATTISON: And we --

THE COURT: Other occasions when you receive stamps.

MR. KATZBERG: In what amount?

THE COURT: And if the answer is, yes, then they can draw the inference.

MR. KATZBERG: Judge, can I --

THE COURT: I think it's cumulative.

MR. NAFTALIS: One thing, your Honor. If they are going to ask that question, they should also bring out that it was not in response to any conversation with Mr. Clifford.

THE COURT: You can bring that up.

MR. NAFTALIS: O.K.

MR. KATZBERG: I was going to --

THE COURT: Any other occasion when you bought

stamps for that purpose, and the answer is yes -- if it is the answer.

MR. NAFTALIS: That's all.

THE COURT: All right.

(End of side bar.)

DIRECT EXAMINATION

BY MR. KATZBERG: (Cont'd.)

Q Mr. Barrie, after this occasion were there other occasions on which you purchased stamps in the same manner?

A Yes.

THE COURT: I think we're going to recess now.

MR. NAFTALIS: Just one thing. When Mr. Katzberg says the same manner, he means going to the Huntington Post Office and writing out checks --

MR. KATZBERG: And having them delivered.

THE COURT: Yes. I think everyone understands that.

We'll recess now until 2:00 o'clock. Don't discuss the case by the way.

(Jury excused)

(Continued on next page.)

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AFTERNOON SESSION

(Jury not present)

MR. KATZBERG: Before the jury comes in, Mr. Barrie is available to have his testimony concluded. Mr. Merolla is also available. Those are the only people in for today.

The board of directors' minutes for all the years in question are now in the courtroom. Defense counsel have had a very brief opportunity to look at them. May I suggest that counsel this afternoon be given an opportunity after the last witness to continue reading the documents because the Government intends to offer them in evidence tomorrow.

MR. BANNIGAN: Fine.

MR. NAFTALIS: Fine.

MR. COHN: There was a gentleman inquiring for J. McNally --

THE COURT: He saw him.

I will be back in a moment.

(Short recess taken.)

(After recess)

MR. KATZBERG: May I bring the witness, your Honor?

THE COURT: Yes.

GEORGE BARRIE, called as a witness, having been previously sworn by the Clerk of the Court, resumed the stand and testified further as follows:

THE COURT: Bring in the jury.

(Jury seated)

THE COURT: All right.

MR. KATZBERG: May I proceed, your Honor?

THE COURT: Yes.

DIRECT EXAMINATION

BY MR. KATZBERG: (Cont'd.)

Q Now, Mr. Barrie, with respect to these postage stamps, did there come a time when you spoke to Mr. Powell about postage stamps?

MR. RYAN: Objection.

THE COURT: To whom?

MR. KATZBERG: Mr. Powell.

THE COURT: I will allow that.

A Yes, I did.

Q Approximately when for the first time did you speak to Mr. Powell about postage stamps?

A It was a day or two after Mr. Clifford's initial inquiry, sir.

Q Where did you have this conversation with

Mr. Powell, sir?

A I believe it was in his office.

Q Keep your voice up, please.

A I am sorry.

Q Tell us what you said to Mr. Powell and what he said to you.

A I related Mr. Clifford's conversation about the postage stamps and his reply was, "I don't want to hear about that. I don't care about that."

Q Was there anything else to the conversation, sir?

A Not that I recall.

Q Did there come a time when you transferred some postage stamps to somebody else in the bank -- another member of the bank staff --

MR. RYAN: Objection to stamps. This is a salary increase case.

MR. PATTISON: Objection to the characterization.

MR. NAFTALIS: I thought we had a ruling --

MR. KATZBERG: May we approach the bench?

THE COURT: Yes. I don't see too much need for it.

(Side bar)

MR. KATZBERG: I want to ask this witness if there came a time when the stamps were transferred to Mr. Casey and the answer is yes -- as Mr. Casey testified.

MR. RYAN: This isn't a stamp violation case. We're talking about salary increases here. There is no reason to bring the stamps back and back and back.

MR. PATTISON: It's not just a salary increase case.

MR. NAFTALIS: Your Honor ruled their inquiry would be limited in this area and I would ask your Honor to adhere to your ruling.

MR. PATTISON: This is taking more time than the one question --

THE COURT: What is the question?

MR. KATZBERG: There came a time when Casey picked up a whole batch of stamps from him in --

THE COURT: What does that have to do with him?

MR. PATTISON: It corroborates Casey.

THE COURT: So what? He does not need corroboration. Is it the only time anybody in the bank picked up stamps? The whole thing does not

make sense to me anymore.

MR. RYAN: They are trying to say the bank bought stamps to make contributions and that is a violation under 610.

THE COURT: It is part of the case.

MR. NAFTALIS: But it isn't connected to anything else.

MR. RYAN: Powell has nothing to do with this.

THE COURT: The stamps have something to do with the case but I don't think it does here or there. It corroborates a witness -- so what. If your case hinges on corroborating Casey, you are in trouble. You have all those checks and you worry about a couple of stamps?

MR. PATTISON: Maybe it may be considered a loose end.

THE COURT: I don't think so but I can be wrong.

MR. PATTISON: We'll move on.

(End of side bar)

(In open court)

MR. KATZBERG: I will withdraw the question, your Honor.

THE COURT: All right.

BY MR. KATZBERG:

Q Now, Mr. Barrie, I want to direct your attention to early in the year 1971. Did there come a time, sir, early in 1971, when you received a phone call from Mr. Powell?

A Yes, sir.

Q And approximately when was that, do you recall -- do you recall what month that was?

A I am sorry, no, I don't, sir.

Q You don't have a recollection of the month, sir?

A No. I know it was when I had moved back to the other building -- I would say some time in the fall, the fall of '71 -- I am not really sure. I don't recall, sir.

Q Is it the best of your recollection that it was in 1971, sir?

A Yes, because I know I was in that particular building at that time.

Q What, if anything, did Mr. Powell tell you on this telephone conversation?

A He told me to get David -- Robert Doud.

Q D-o-u-d?

A Yes.

Q Go ahead.

A And come to his office.

Q Where was that?

A In Huntington. We were in Melville.

Q As a result of that conversation, did you aand Mr. Doud go to Mr. Powell's office in Huntington?

A Yes.

MR. COHN: Again, I assume we're talking about Robert Doud?

THE COURT: Yes, he said that.

THE WITNESS: Yes, Robert Doud.

BY MR. KATZBERG:

Q Who was present when you got there?

A Mr. Clifford, Mr. Powell, Mr. Doud and myself.

Q Tell us what was said?

A Mr. Clifford indicated that a letter, anonymous letter, was written to the Controller of the Currency regarding the contributions. He asked if I wrote it . I denied having written it nor did I know who did.

Q Was stamps discussed at that time?

MR. NAFTALIS: Objection.

THE COURT: He may answer.

A Yes, that was discussed.

Q Who asked you that?

A Mr. Clifford asked about that.

Q And what was the response as to that?

A The same -- as with the letter, I knew nothing about it.

(Continued on next page.)

CROSS-EXAMINATION

BY MR. RYAN:

Q You worked with Mr. Powell at the bank for a number of years, I take it?

A Yes.

Q Are you familiar with Mr. Powell's reputation for honesty, integrity and trustworthiness?

A Yes.

Q Tell the Jury what his reputation was?

A He had the highest reputation in the bank and I think he's one of the finest gentlemen I ever met.

Q When Mr. Katzberg asked you about giving cash on occasions to Betty Jaeger, as part of your participation in this club --

A Yes, sir.

Q Did you give her cash as a matter of convenience to yourself?

A Yes, sir.

MR. KATZBERG: That was asked and answered the same way on direct.

Q It was a matter of convenience -- not for a surreptitious or wrongful purpose?

A No, it was a matter of convenience.

Q Was this club just a matter between you and

Mr. Powell or were there other officers that you knew and discussed the club with?

A There were a few other officers that I knew participated.

Q And do you recall that there came a time when you were on the salary review committee of the bank?

A Yes.

Q And Mr. Vandermark was on the committee?

A Yes.

Q And Mr. Groskoph?

A Yes.

Q And Mr. Spitzbart?

A Yes.

Q And he is the director of the bank?

A Yes.

Q And did you have conversations with those members of the committee about members who received increases for participation in the club?

A Yes. I believe Mr. Spitzbert said something about that.

Q Mr. Spitzbart knew about it, didn't he?

A Yes.

MR. RYAN: I have no further questions. Thank you, sir.

THE COURT: Any other questions of anyone?

MR. NAFTALIS: Just a couple, your Honor.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good afternoon, Mr. Barrie?

A Good afternoon.

Q I think you indicated on your direct examination in response to a question from Mr. Katzberg that your participation as a contributor was on a totally voluntary basis; is that correct?

A Yes, sir.

Q And as a matter of fact, when you had your conversation with MR. Powell about it, didn't Mr. Powell tell you: George, you don't have to do it if you don't want to?

A That's correct.

Q After telling you that, you decided on a voluntary basis that you would do it; is that correct?

A Yes. I went along with it.

Q Do you have any specific recollection of asking anybody else to participate?

A No, sir, I don't.

Q Now, I noticed from looking at your checks -- withdrawn.

Do you know a man by the name of John Singleton?

A Yes.

Q Who is he?

A He was in charge of what we call our banking services division.

Q And was he a vice-president or did he hold some title to that effect?

A I think he was senior vice president.

Q Did it come to your attention that Mr. Singleton was asked to become a contributor?

MR. PATTISON: Objection to form.

THE COURT: Rephrase it.

Q Do you know if Mr. Singleton was ever asked to become a contributor, like you and the other officers?

A He mentioned it to me.

Q Did you also learn --

MR. KATZBERG: Objection.

If they are about hearsay conversations, we object.

MR. NAFTALIS: It is hiw own knowledge/

THE COURT: If he knows of his own knowledge.

Q Do you know of your own knowledge, that Mr. Singleton declined to be a contributor?

A Yes, sir.

THE COURT: That's all.

Q After he declined to be a contributor, was he fired?

A No, sir.

Q Was his position in the bank in any way impaired?

A Not to my knowledge.

Q As a matter of fact, when Mr. Singleton left the bank, he left it to get a much better and higher paying job?

A That's what I know, sir, yes.

Q Now, I think there came a point in time around the end of 1973, when you stopped making contributions; is that correct?

A I am not sure of the date, sir.

Q Mr. Katzberg and I, after a very brief review of the checks and after a listing of the checks, it seems to indicate that December 7, 1973, was your last check that you drew as a contributor.

A All right.

Q Is it fair to say that after December 7, 1973, you received no additional calls from Mr. Chadwick to make any contributions?

A That's correct.

Q Therefore, you made no additional contributions?

A No, sir.

Q And the salary increase you had received a few years before you continued to receive after you stopped making contributions?

A Yes.

Q And you used that money for whatever purposes you felt -- for living or whatever people use their salary for in any job; is that correct?

A Yes, sir.

Q And no one asked you to return it?

A No, sir.

Q I want to focus for one moment -- during the conversation I think you indicated that there came a time when you were asked by Mr. Powell to meet with him and Mr. Clifford and Mr. Robert Dowd about an anonymous letter someone had sent regarding the bank; is that correct?

A That's correct.

Q During the course of that conversation, do you have any recollection of anybody saying to you that a bank examiner or anybody from the controller of currency staff had approved the system of contributions used by the Security National Bank?

A No, sir.

Q You don't remember anything like that being said?

A No, sir.

MR. NAFTALIS: I have nothing else, your Honor.

THE COURT: Anyone else?

MR. KATZBERG: Just two questions on redirect.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q Do you know a man by the name of Harry Melcher?

A Yes.

Q Did you ever discuss the system of contributions with him?

A I could have.

Q do you recall whether or not you ever introduced Mr. Melcher to the club?

A I have no recollection.

Q May you have --

MR. NAFTALIS: Objection --

MR. KATZBERG: I want to specify the degree of certitude this witness has.

THE COURT: He said he has no recollection.

MR. KATZBERG: I am asking him;

THE COURT: You have no recollection?

THE WITNESS: No.

MR. KATZBERG: But he may have --

MR. NAFTALIS: Anything is possible.

THE COURT: He can't "May have" if he has no recollection whatsoever.

MR. KATZBERG: I think I am entitled to ask him if it is possible he did.

THE COURT: How can he modify it?

Do you have any recollection of such a conversation?

THE WITNESS: I have no such recollection.

MR. KATZBERG: I want to ask my question.

THE COURT: Ask your question. I find arguing with lawyers to no avail.

BY MR. KATZBERG:

Q Is it possible you had such a conversation?

A It's possible.

Q With respect to the meeting in Mr. Powell's office, are you telling us that you have no recollection of anyone mentioning someone from the controller's office or specifically that no one did?

MR. NAFTALIS: Objection.

THE COURT: All right.

A I recall no such conversation at all, sir.

Q Do you have a specific recollection that it wasn't said?

MR. COHN: Your Honor, I object to that.

MR. BANNIGAN: Objection.

THE COURT: You want an answer?

MR. KATZBERG: Yes.

THE COURT: Answer it.

THE WITNESS: I don't recall anything about such a conversation at all, really.

MR. KATZBERG: No further questions.

MR. BANNIGAN: No questions.

MR. NAFTALIS: No questions.

MR. COHN: No questions.

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MR. KATZBERG: The Government calls Carmine Merolla.

MR. COHN: Would there be an objection if I borrowed the Government's water? This one is dry.

MR. KATZBERG: I'm afraid we are in the same position.

C A R M I N E M E R O L L A , called as a witness, having been first duly sworn by the Clerk of the Court, took the stand and testified as follows:

THE CLERK: State your name for the record, please.

THE WITNESS: Carmine R. Merolla.

MR. BANNIGAN: May we approach the bench for a moment on this witness?

THE COURT: All right.

(Side bar discussion.)

MR. BANNIGAN: For the record, really --

MR. NAFTALIS: I'm not attempting to re-argue anything that your Honor ruled on already but I just have one additional point.

This witness, Mr. Merolla, will testify either exclusively or almost exclusively to hearsay declarations made by other members of the conspiracy.

Specifically, the major conversations he will

testify to are first, a conversation with Douglas Wulffleff and then subsequently, however many conversations with Joseph Stefan.

Mr. Wulffleff and Mr. Stefan, although promised immunity, are not being called by the United States in the prosecution of this case.

The hearsay they are attempting to elicit from this witness, I think, is rather strong hearsay.

First, with regard to Mr. Stefan, they want to elicit from this witness -- and based on grand jury testimony I take it the Government will be consistent -- that this witness said if another party, Pascuzi or Pastuzzi or Pavleaka -- if he doesn't want to contribute, "I'll put him on a blacklist" and so forth -- fairly strong statements from a witness the Government does not intend to call.

In addition, they want to bring out through hearsay conversation with Mr. Wulffleff, another witness they don't intend to call, that he told this man he selected Mr. Clifford for the club.

I read Mr. Wulf leff's grand jury testimony turned over to us and he told the grand jury No. 1, that he never had any conversations with Mr. Clifford on this matter but rather he had been instructed by

Mr. Brogan to talk to this man and say whatever was necessary

There are two positions to be considered here. First, we are dealing with hearsay declarations and hearsay declarations by witnesses under the control of the Government.

We have no right of confrontation --

THE COURT: You can call them yourself. You have the right of confrontation.

MR. NAFTALIS: In the case of Mr. Stefan, as a practical matter, that is not so.

His lawyer won't permit communication with Mr. Stefan. Mr. Stefan made a very good deal from his point of view with the Government.

THE COURT: You still have the right to subpoena him and put him on the witness stand.

MR. NAFTALIS: As a practical matter we wouldn't put him on the witness stand without talking to him.

They are getting the benefit of Stefan's testimony without us having the right of cross-examination --

THE COURT: But you are now asking me to weigh the right of one side. I have to weigh the legal rights of the parties. You are asking me to

restrict the testimony.

MR. NAFTALIS: No, and neither am I saying that they should be compelled to call a witness who, in their judgment, should not be called.

I think it should be clearly called to the attention of the jury at some time during the course of this trial that Mr. Stefan and Mr. Wulffleff have been given promises of non-prosecution in this case.

THE COURT: Under the rules, it cannot be done.

I can charge the jury as to witnesses equally available to both sides under the new rules of evidence.

MR. NAFTALIS: I would respectfully submit that in a case of a witness who received immunity from prosecution and who will not talk to the defense that he is not equally available to both sides.

THE COURT: If he has immunity he is more available to both sides.

MR. NAFTALIS: The second point, your Honor, is -- I made my record on that point and I won't push it. There is no point in wasting your Honor's time.

THE COURT: You can always talk about the missing witness.

MR. PATTISON: We say this witness is equally available to both sides.

THE COURT: You can talk about their failure to call him.

MR. KATZBERG: Brogan testified that Clifford told him specifically to contact people and get them into the club.

MR. PATTISON: There is much to be said for Title 18, 3500 procedure being followed literally because when 3500 material is, as in this case, turned over in advance before every witness is called --

THE COURT: I understand --

MR. PATTISON: (Continuing) The actual question is not asked the Court has to rule in sort of a vacuum.

THE COURT: I do not rule in a vacuum.

MR. NAFTALIS: Since Mr. Wulffleff, the hearsay declarant does not, in reality, substantiate the inference flowing from this gentleman's testimony, I would ask that the grand jury questions and answers in which he indicates he never spoke to Mr. Clifford and spoke to Mr. Brogan about this, be made a part of the record and be made known to the jury.

I make my record --

MR. PATTISON: You can call Wulffleff, too.

THE COURT: Yes, you can call him.

MR. NAFTALIS: I know I am trying your Honor's

patience.

THE COURT: No, you're not trying my patience. This is a pleasure compared to what I have inside.

MR. KATZBERG: I'm glad we are able to give you some pleasure.

MR. NAFTALIS: My last point -- I'm not going to confess to trying your Honor's patience since I have not done so yet.

I am sure we can call people and confront them on our own case but in all sincerity I believe the prosecutor has the highest obligation and if they are in a position of granting a witness immunity and that witness' testimony would contradict this witness' testimony --

THE COURT: They have an obligation when a person takes the witness stand and testifies and they need not produce a witness they do not want to produce.

(Conclusion of side-bar discussion.)

(Following held in open court.)

BY MR. KATZBERG:

Q Mr. Merrola, give the ladies and gentlemen of the jury your current occupation?

A I am President and Chief Executive Officer of the Vanguard National Bank in Hempstead, Long Island.

Q For how long have you been President of the Vanguard Bank?

A Since January 1975.

Q Trying to keep your voice up as best you can, tell us by whom you were employed prior to January, 1975.

A The then Security National Bank.

Q When did you start working in Security National Bank, sir?

A In January, 1970.

Q When did you leave Security?

A October, 1974.

Q Did you work at Security from 1970 through October of 1974 continuously, sir?

A Yes, sir.

Q And what was your title at the Security National Bank in those years?

A I started as a Regional Vice President. I left as a District Vice President.

Q Is that a promotion, sir?

A Yes.

Q Now, Mr. Merolla, I want to direct your attention to approximately December of the year 1970. Where was your office at the Security National Bank located, physically, sir?

A In Northport, Long Island.

Q Who was your immediate superior at that time?

A Douglas Wulffleff.

Q And his title, sir?

A Senior Vice President.

Q Referring to the same period of time, approximately December of 1970, did there come a time when someone spoke to you about making political contributions?

A Yes, sir.

Q Who was that, sir?

A Douglas Wulffleff.

Q Tell us when in December 1970 this was, sir?

A Shortly before Christmas.

Q Was this conversation with Mr. Wulffleff in person or over the phone?

A Over the telephone.

Q Did you call him or did he call you?

A He called me.

Q Where were you when he called you, sir?

A I was home, sir.

Q Tell the ladies and gentlemen as best you can recall what Mr. Wulffleff told you at that time, sir?

A He wished me a Merry Christmas and indicated he had some good news for me.

I had received a $5,000 raise for which I

thanked him and he said, however, 2,000 of that raise would be used toward political donations. He indicated that Pat Clifford had selected me to be one of the members of the club and I asked him what club and he went into some detail describing the club.

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Q Could you tell the ladies and gentlemen of the jury in substance what he said in that regard?

A He said that there were senior members of the bank, those people that were considered to be loyal -- loyal officers of the bank, and those that had a good future with the bank, and it was an honor to belong to the club and I was personally selected.

Of this $2,000 I would have to make political donations of $1200 and the balance would be used to absorb any taxes.

Q $1200 a year, sir?

A Yes.

I asked at that time whether it was legal, whether this was something we could do, and he indicated it was cleared through counsel.

Q Did he indicate any lawyers' names specifically, sir?

A No, he didn't.

Q Did you agree to participate at this time, sir, in this phone conversation?

A Yes, I did.

Q Did you have any choice inthe matter?

A I didn't think I did, no.

Q Now, were there any discussion about the manner

in which you would actually be making these contributions?

A No, he indicated I would receive telephone calls from time to time. He did not indicate from whom at that time.

Q Anything else about the conversation that you recall at this time that you have not already related?

A Not that I recall.

Q Now, Mr. Merolla, did there come a time when you received the $5,000 salary increase that you were promised by Mr. Wulffleff?

A Yes.

Q I want to show you what has already been marked as Exhibit 37 for identification. I want you to look at it and tell us whether or not you see on there that $5,000 increase?

A Yes, I do.

Q What is the date of that increase?

A January 4, 1971.

Q And that was within a couple weeks of that phone conversation?

A Yes.

Q There are other entries on that exhibit; is that correct?

A Yes.

Q Will you tell us whether or not those other entries are a fair and accurate depiction of your salary and your titles at the bank during the years that you were there?

A Yes, sir.

MR. KATZBERG: At this time, your Honor, the Government would offerinto evidence Exhibit 37.

MR. COHN: No objection.

MR. BANNIGAN: No objection from the bank.

MR. KATZBERG: May it be so marked, your Honor?

THE COURT: Yes.

THE CLERK: Government Exhibit 37, previously marked for identification, now marked in evidence.

(So marked.)

MR. KATZBERG: Thank you.

Q Mr. Merolla, did there come a time subsequent to your receipt of this $5,000 raise and the $2,000 portion, that you began making political contributions?

A Yes, sir.

Q Do you recall approximately when for the first time you made these political contributions?

A I believe it was the following month.

Q Well, I want to show you --

MR. KATZBERG: Mr. Clerk, could this batch of checks be marked as the next Government exhibit?

THE CLERK: Document so marked for identification as Government's Exhibit 160.

(So marked.)

MR. KATZBERG: Could you mark these checks 160A through D?

THE CLERK: So marked.

Q I want to show you what has been marked as Government's Exhibits 160 for identification and I want you to look at that batch of documents and tell us whether or not you recognize them.

A Yes.

Q What do you recognize that exhibit to contain?

A These are checks drawn against my account, payable to political organizations.

Q And were each and every one of those checks drawn by you as part of this contribution matter?

A Yes.

Q I want to show you Exhibit 160A and 160B for identification, and I ask you to look at those as well, and tell us whether or not you recognize those exhibits?

A Yes.

Q What are they?

A One of them is a check in the amount of $100 payable to Friends of Angelo Roncallo and the other one is

for $200 payable to Suffolk REpublicans.

Q Were those checks drawn by you also as part of the contributions?

A Yes, sir.

Q Is the same thing true as to 160C and 160 D for identification?

A Yes.

MR. KATZBERG: At this time the Government would offer into evidence what has just been marked as Exhibits 160, 160A through 160D inclusive?

(Shown to counsel.)

MR. BANNIGAN: No objection from the bank.

MR. NAFTALIS: I have no objection.

May I just look at those? Whenever you are done will be fine. I have no objection.

MR. KATZBERG: May they be marked into evidence, please?

THE CLERK: So marked.

Q Mr. Merolla, looking at the top check, sir, can you tell us who that check is drawn payable to, please?

A August 23, 1971, Repulican Committee, Town of Huntington, $200.

Q Are there any checks before that, January of 1971? They may be out of order now.

A January 26, 1971, the Governors Club, $100.

Q Is that the first check you drew subsequent to receiving the raise?

A I believe so.

Q How did you know to draw that check to the Governors' Club?

A I was asked to do so.

Q By whom?

A I believe Arthur Chadwick.

Q Did there come a time when you received additional phone calls from Mr. Chadwick with reference to those checks?

A Yes.

Q Is it fair to say that each and every one of those checks were drawn by you as per Mr. Chadwick's request?

A Yes, sir.

Q Did you ever have anything to do with the selection of the recipients of those checks yourself?

A Not that I can recall.

Q Did you ever not go along with Mr. Chadwick as to the payee or the amount?

A No, sir.

Q How did you physically transmit these checks to Mr. Chadwick?

A I would put it in a sealed inter-office envelope or deliver it by hand or he would come to my office and pick it up.

Q Can you look through that exhibit and see if you can find a check made payable to the Security National Bank?

A Yes, sir.

Q What is the date of that check?

A December 29, 1972.

Q Is that check drawn by you as per Mr. Chadwick's instructions?

A Yes, sir.

Q Did you ask Mr. Chadwick why you were drawing a check payable to the bank?

A I seem to recall asking him, yes.

Q And do you recall his response?

A It is rather vague, Mr. Katzberg, other than the fact he said that it was two months and they were short on funds -- essentially that was all that was mentioned.

Q Fine, sir.

Do you know an individual by the name of Joseph Stefan?

A Yes, sir.

Q Did he work at the bank?

A Yes.

Q What was his title?

A Executive vice president.

Q Who did he report to?

A I believe he reported to Mr. Clifford.

Q Do you know when Mr. Stefan first came to the bank?

A 1972.

Q Approximately when in 1972?

A December of 1972.

Q I want to direct your attention to the next summer, approximately June of 1973.

Did there come a time when you spoke with Mr. Stefan about political contributions?

A Yes, sir.

Q And was this conversation in person or was it over the phone?

A It was over the phone, I believe.

Q And did you call him or did he call you?

A He called me.

Q And can you tell the ladies and gentlemen of the jury, as best as you can recall, what Mr. Stefan said at that time.

A He asked whether there were any senior officers

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in my district, branch managers of my district, who would be of the caliber that we could trust and who would want to become a part of this club -- political club, in order to make political contributions.

Q What did you say to that, if anything?

A I do not believe I answered him right away. I indicated tnat I will call him back and let him know.

Q During this initial conversation, was anything said about --

MR. BANNIGAN: Objection to the leading. He asked him about a conversation. Let the witness say what was said and not what Mr. Katzberg says.

MR. KATZBERG: Your Honor, I appreciate objections, but without speeches.

THE COURT: Yes, go ahead.

Q Was anything said during the course of this conversation why it was necessary to include them in the club?

A Yes, he indicated that the club was running low on funds and there were many obligations on the part of the bank.

MR. COHN: Can we fix a date for this?

MR. KATZBERG: June of 1973.

THE COURT: Ask the witness.

THE WITNESS: It was on or about June of 1973.

Q You told us that there came a time when you got back to Mr. Stefan as to his request?

A Yes.

Q Was that conversation in person or over the phone?

A Over the phone.

Q Did you call Mr. Stefan or did he call you?

A At that time I called Mr. Stefan.

Q Could you tell the ladies and gentlemen of the jury what that conversation was?

A Well, I indicated to him that I would consider three of my senior officers to be of the caliber that he had indicated.

Q Who were they?

A Ben -- Benedict Sohm, vice president in charge of Babylon; Michael Paviclas, vice president Huntington --

Q Anyone else?

A Robert Pascuzzi.

Q What if anything did Mr. Stefan say in response to that?

A He said that he would consider Paviclas and Pascuzzi, but not Mr. Sohm.

Q Was anything said about Mr. Sohm?

A No, other than that he was well on his way in

years and he did not think that he would qualify.

Q Now, what else was said during the course of this conversation, if you recall?

A Yes, he asked me to speak to these individuals and ask them whether they would like to become part of the club.

Q Which individuals are we talking about?

A Michael Paviclas and Robert Pascuzzi.

Q Is there anything else during the course of this conversation with Mr. Stefan that you recall?

A Yes, he said there would be no raise in salary, it would just be something that he felt they should do and belong to.

Q Was anything said about what you should tell Mr. Paviclas and Mr. Pascuzzi?

A Yes, I should indicate to them that they were selected by senior management of the bank to participate in this club, that it is a club that is highly regarded within the bank, and would overall increase their visibility among senior management.

Q Did you say anything in response to that, if you can recall?

A Yes, I told them that I did not think that was a very good idea. I told him that I thought it was something --

since they received increases in the past, that there were others that received increases -- I knew I received an increase for political donations, that this should be taken into consideration.

Q What did he say to that?

A He said, "No, I feel you are not being loyal to yourself if you do not convince these people that they should belong to the club."

Q Without reimbursement ?

A Without reimbursement.

Q What if anything did you say to that?

A I said if that is what you want me to do, I will ask them, but I do not hold much hope in their acquiesing and becoming a member of the club.

Q Did there come a time after this conversation with Mr. Stefan that you did speak to Mr. Paviclas and Mr. Pascuzzi?

A When?

Q When did you speak to these gentlemen?

A Approximately when after the conversation?

Q Yes.

A I guess it must have been sometime in July of 1973.

Q 1973?

A Yes.

Q Did you speak to Mr. Pascuzzi and Mr. Paviclas individually or together?

A Individually.

Q And let us take Mr. Pascuzzi first.

Did you speak to Mr. Pascuzzi in the presence of anybody else or was it just you and he?

A Just he and I.

Q Was it in person or over the phone?

A In person.

Q What did you say to Mr. Pascuzzi?

A I pretty much indicated to him that he had been selected by senior management to be a member of this exclusive club, that he would be required to make donations of approximately $100 a month or $1200 a year for political donations.

Q I do not want to get into what he said at this point. Did there come a time when you spoke to Mr. Paviclas, the other gentleman?

A Yes, I spoke to him, I guess, the next day. HE and I were both at the same locality.

Q Did you speak to him in person or over the phone?

A In person.

Q What did you tell Mr. Paviclas?

A Pretty much the same thing.

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Q Did there come a time after you spoke to Mr. Pascuzzi and Mr. Paviclas that you once again spoke to Mr. Stefan?

A Yes.

Q Now, this conversation with Mr. Stefan, was it in person or over the phone?

A Over the phone.

Q Did you call Mr. Stefan or did he call you?

A I called him.

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Q Could you tell the ladies and gentlemen of the jury what you said to Mr. Stefan at that time?

A Yes, I told Mr. Stefan that I had spoken to Mr. Pascuzi and Mr. Pascuzi absolutely refused to be a member of the club, that he couldn't afford it, that he had five children, that his salary could not absorb an additional $1,200. It was something that he could not do and he would not do it.

However, since he did not want to hurt his career or anything of that nature, he asked me to pass along the fact that he knew that there have been increases granted to other officers and he asked me point blank if I received --

MR. NAFTALIS: I object to this. I thought he was relating a conversation between himself and Mr. Stefan as opposed to a conversation between himself and Mr. Pascuzi. I ask that that be stricken and that he start again.

May we strike out his answer and have him start afresh with Mr. Stefan?

Q Just relate to the ladies and gentlemen of the jury what you told Mr. Stefan as completely as you can remember?

THE COURT: The previous answer is stricken. Start over again.

A I told Mr. Stefan that Mr. Pascuzi refused to become a member of the club because he couldn't afford to become a member of the club, that he had five children, and it was something without remuneration, and hoped that his career would not be stymied, that he would not become a member on that basis.

Q Did you say anything about a salary increase for this gentleman?

A I said if he received a salary increase, which I felt he should get, that he would become a member of the club.

Q Did you say anything to Mr. Stefan about the other gentlemen?

A I told him that Mr. Pavleaka did not wish to become a member of the club, unless he received a salary increase.

Q What, if anything, did Mr. Stefan say in response?

A Mr. Stefan indicated with regard to Mr. Pascuzi that he could understand his predicament and would take that under advisement and carry itup to senior management.

With reference to Mr. Pavleaka -- pardon the expression, ladies and gentlemen -- he said, "Screw Mr. Pavleaka, I want him on Pat Clifford's black book anyway."

Q Well, did there come a time when you wrote up an officers' salary review form for salary increase for Mr. Pascuzi?

A Yes.

Q And at whose request was that?

A Mr. Fritz.

Q How much of a salary increase do you recall --

MR. COHN: May we have the time fixed for this now? We are talking about 1973, 1974?

THE COURT: Yes.

Q Let me see if I can show you a document that would refresh your recollection --

THE WITNESS: May I answer this gentleman's question?

Q If you remember.

A I am just trying to establish procedure. Am I to answer his question?

Q Do you recall the date you wrote up the salary review form for Mr. Pascuzi?

A I believe it was September 1973.

MR. KATZBERG: Thank you , sir.

Q How much of a raise was involved as to Mr. Pascuzzi?

A I believe it was 2,200.

Q What was the purpose of the raise?

A Political donations.

Q Did there come a time when you spoke with Mr. Pascuzzi about receiving this raise?

A Yes, I did.

Q When was that?

A Approximately the same time, the latter part of September or early October of 1973.

Q Was this conversation in person or over the phone, if you recall?

A I usually did all my reviews in person.

Q Was anybody else present, if you can recall?

A No, sir.

Q Can you tell us what you told Mr. Pascuzzi at this time?

A I told him that the review -- the performance review was substantially the same as the one I had written up for him a few months prior to that and that this, however, was specifically for the purpose of granting him remuneration so he could make the political donations and become a member of the club.

Q Who did you give that officer's salary review form to?

A Mr. Fritz.

Q I want to dire our attention to right in the year 1973:

Did there come a time when you had a meeting with Mr. Clifford, Mr. Stefan, Mr. Fritz and others about budgetary matters?

A There were many meetings at that time.

MR. NAFTALIS: May we have an identification of who else was present?

MR. KATZBERG: I was about --

MR. NAFTALIS: I do not mean to interrupt.

Q Do you recall such a conversation in late 1973?

A Yes.

Q Do you recall where the meeting took place?

A It was in the board room, I believe.

Q Can you tell us who was present?

A All the District Vice Presidents, senior management, Mr. Stefan, Mr. Clifford, Mr. Dowd -- Mr. Robert Dowd.

MR. COHN: Can we determine whether it was the defendant David Dowd or --

THE WITNESS: Robert Doud.

MR. COHN: Not the defendant?

THE WITNESS: Not David Dowd.

MR. COHN: Thank you.

A (Continuing) -- and there were other junior officers there.

Q Anyone else?

A Mr. Johnson may have been there. I don't recall.

Q Any members of the board other than Mr. Clifford?

A No, sir.

Q Can you tell us the conversation at the time? What, if any, conversation took place at that time with respect to contributions?

A One of the -- I do not recall which one -- someone indicated that an officer had received an increase. However, it wasn't a true increase because part of it was for political donations --

Q What, if anything, did Mr. Clifford say to that?

A Mr. Clifford --

MR. NAFTALIS: I object. I move to strike it out.

MR. BANNIGAN: It is hearsay.

MR. NAFTALIS: Unless Mr. Clifford said it.

MR. KATZBERG: May we approach the bench? I will make an offer of proof.

THE COURT: It is the same problem that we had before. I will allow it.

Go ahead.

MR. KATZBERG: May the question be read back?

THE COURT: Yes.

MR. NAFTALIS: Can we approach the bench? I think there may be some confusion.

(The following transpired at side bar.)

MR. NAFTALIS: Your Honor, this does not deal with a statement out of the mouth of a co-conspirator. What this man is saying is that at some meeting, some unident6fied person who he cannot say who it is, said something and that statement from that unidentified person is clearly hearsay and should not be permitted in here.

MR. PATTISON: May I be heard? It is not offered for the truth, whether it is true or not, whether anyone was offered a salary increase. It is offered for the reaction it brought on the part of one of the men on trial here, Mr. Clifford, out of his own mouth. Hearsay it is not.

The fact that this witness does not recollect who first brought up the topic of salary increases, does not matter. Clifford's statement certainly is relevant --

THE COURT: Was it made at the time?

MR. PATTISON: Yes, and he was there at the time

and heard it.

MR. NAFTALIS: I mean it is not really -- it is not Mr. Clifford's statement that is the important thing that they want to get in. It is the statement that was made before --

MR. PATTISON: No --

MR. NAFTALIS: Let me finish.

Without the hearsay statement from the unidentified witness, and the identity of that witness, we have no ability to confront or cross-examine or even to call this witness in to say:

"Did you say something like that?"

You are letting in rank hearsay, which seems to me -- we don't have any ability to confront this witness. Who can we call? Can we subpoena an unidentified witness to testify "I never said it"?

MR. PATTISON: This witness said he heard it, whether it is true or not, whether the person who said it knew it to be true or not, is not it. The fact is it is just being offered as to the reaction of a man on trial, Clifford, and what he said. That is the import of it. We are not offering it to try to show --

THE COURT: Clifford was there?

MR. PATTISON: Yes.

MR. BANNIGAN: I can't see how that gets around the hearsay point.

To say it is not offered for the truth of it is just ludicrous. There is no reason for the reaction, unless what he said was true.

MR. PATTISON: To think that we are trying to offer this to show that officers received salary increases in light of the other evidence -- you can charge that that unknown person's statement is no evidence at all that anyone received any salary increases.

MR. KATZBERG: It is not offered for that purpose.

MR. NAFTALIS: I would ask --

MR. BANNIGAN: We are getting to the point where we have evidence and on every single close question they are getting every single thing they want in this case.

MR. PATTISON: This isn't a close one.

MR. BANNIGAN: When there is a question, it is to go in the defendant's favor. They have more evidence in this case than they know what to do with. It is coming in through the ceiling.

THE COURT: The question is whether --

MR. PATTISON: It is discretionary.

THE COURT: It is a question of whether I am making the right rulings.

MR PATTISON: All evidentiary rulings are discretionary.

THE COURT: It is a little closer than the other one.

MR. NAFTALIS: Do they really need this?

THE COURT: The only thing I see is you already have the increase in salaries, so why do you need this statement? It is cumulative.

MR. PATTISON: You have not heard the evidence. May I make an offer of proof?

THE COURT: Yes.

MR. PATTISON: When this unknown person made the statement that so-and-so got a salary increase --

MR. NAFTALIS: He doesn't remember who it even was.

MR. PATTISON: Please.

THE COURT: He said "unknown person."

MR. PATTISON: I just said the "unknown person" at the board meeting.

MR. NAFTALIS: Let me just interrupt you for a

second.

MR. KATZBERG: Let him finish.

MR. NAFTALIS: It is not only an unknown person, but he is referring to an unidentified person who we can't identify or even --

MR. PATTISON: That is what the witness said. The Judge heard that as well as you did.

MR. NAFTALIS: I'm sorry.

MR. PATTISON: Then after that Clifford said: "Stop it, I do not want to hear about that. We do not want to talk about that."

Now, that in this case where --

MR. BANNIGAN: What is that evidence of?

MR. PATTISON: Guilty knowledge.

MR. BANNIGAN: It is not.

THE COURT: I will sustain the objection. This isstretching it a little too far. It is a needle in a haystack.

MR. NAFTALIS: One minor thing: As soon as he finishes, can we take our afternoon recess? He promised me a particular document in connection with this witness' cross.

MR. KATZBERG: I am almost finished now.

(The following transpired in open court.)

MR. KATZBERG: Just a few more questions and I will not go into that other matter.

BY MR. KATZBERG:

Q You were at the Vanguard Bank for how long?

A Since January of 1975.

Q Prior to your working for Security, did you work for any other bank?

A The then Franklin National Bank.

Q For how long, sir?

A For about six years.

Q Any other banks?

A Chase Manhattan.

Q How long for Chase?

A About seven years.

Q During any of the time that you worked for any of the other banks, were you ever asked to make political contributions on behalf of the bank?

A No.

Q Were you ever given any salary increases for that purpose by any other bank?

MR. RYAN: Objection, other bank?

A No.

THE COURT: He answered it.

MR. COHN: Other banks?

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THE COURT: I know, but he answered it.

MR. KATZBERG: I have nothing further, your Honor.

THE COURT: We will take a short recess at this point.

(Recess taken.)

(continued next page)

A 1289

(The following occurred out of the hearing of the Jury.)

MR. KATZBERG: I want the record to reflect that during this recess I have given to Mr. Naftalis a copy of the FBI interview of Mr. Paveleaka.

MR. NAFTALIS: That's correct.

MR. KATZBERG: He was not a witness in the Grand Jury and Mr. Naftalis has everything that would have been 3500 material for that witness.

I see no reason to mark it separately. I just want the record to reflect that material has been provided at his request.

MR. NAFTALIS: His representation is 100% accurate, your Honor.

CROSS EXAMINATION

CON'T. BY MR. COHN:

Q You testified here as to certain events that happened in 1973. Do you know that Dave Dowd had resigned from the bank and had left the bank in September of 1972?

A Yes.

Q And he went to the Nassau Trust Company; is that correct?

A Yes.

Q And in 1973 to your knowledge Dave Dowd was working at the Nassau Trust Company; is that right?

A Yes.

Q Is it fair to say that with regard to all of these meetings and all these conversations and everything you testified to this afternoon that took place after Dave Dowd left the Security National Bank; is that right?

A To the best of my knowledge.

Q You made some reference to a gentleman by the name of Stefan; is that correct?

A Yes.

Q And Stefan had become the executive vice-president?

A Yes, sir.

Q Is that like the second in command of the bank?

A Second or third.

Q Second or third of the bank.

And this took place sometime about the time that Dowd left or shortly thereafter?

A Yes.

Q And by the way, was Mr. Stefan known by some other name by the bank employees of the bank?

A Do you mean a nickname?

Q Yes, wasn't he called --

MR. PATTISON: I object, your Honor.

MR. COHN: He made some statements about the language this man used and they brought this out.

THE COURT: I don't see how it's relevant. That's not relevant at all.

What is relevant about it?

MR. COHN: I will withdraw the question, your Honor.

No further questions.

CROSS EXAMINATION

BY MR. RYAN:

Q I represent Frank Powell. Frank Powell as you recall retired on May 1, 1972.

A Yes.

Q And Mr. Stefan took his position?

A Yes.

Q As the chief of the operations of the bank, do you recall that?

A Yes.

Q And Mr. Powell had nothing to do with all these conversations you're talking about between Mr. Stefan and yourself and Mr. Pavleaka?

A That's right.

Q And Mr. Powell had nothing to do with that

whatsoever; is that correct?

A That's correct.

Q Thank you, sir. I have one further question.

You mentioned in your direct examination that you were told this program was to get the bank, or have the bank's visibility, in other words to get out and meet people and attract business; is that correct?

A I don't believe I used it in that fashion.

Q Make the bank visible?

A No, to make the individual visible within the bank.

Q And the purpose of the club, was it not, to encourage the bank officers to go to affairs and meet business people and people in public office and things of that nature?

A I would assume so.

Q And you play golf, do you?

A I am a hacker.

Q Did you hack at any golf outing with the Huntington Town Democratic Committee?

A I am a hacker. I went to a few golf affairs.

Q Do you remember sometime in August of 1972 being in a foursome representing the bank so to speak, and playing with the town comptroller, Mr. Casey and

Mr. Steel?

A I really don't recall. I'm sorry.

Q Let me show you Exhibit 16. If it refreshes your recollection, okay, if it doesn't, fine.

A I'm sorry, it doesn't ring a bell. I see my name on here, but none of these -- none of the initials are mine. I don't recall.

Q You have attended dinners sponsored by political organizations, is that correct?

A Yes.

Q You were there representing the bank, weren't you?

A Yes.

MR. RYAN: Thank you very much.

No further questions.

THE COURT: Anyone else?

MR. NAFTALIS: Yes.

THE COURT: All right.

MR. NAFTALIS: May I inquire?

THE COURT: You may.

CROSS EXAMINATION

BY MR. NAFTALIS:

Q My name is Garry Naftalis. I'm Patrick Clifford's lawyer.

A How do you do.

Q Now, you have testified to a conversation -- withdrawn.

You testified that you had a conversation with a man by the name of Douglas Wullfleff. Is that correct?

A Yes.

Q During the course of that conversation Mr. Wulfleff spoke to you about becoming a contributor to certain functions; is that correct?

A Yes.

Q Among other things.

A Yes.

Q And just so the record is clear, Mr. Clifford wasn't there during that conversation you had with Mr. Wulfleff; is that right?

A That's right.

Q And Mr. Dowd wasn't present when you had that conversation with Mr. Wulfleff.

A That's correct.

Q And Mr. Powell wasn't present, is that correct?

A That's correct.

Q Then you testified, did you not, to -- you correct me if I'm wrong, I think it was two or three

conversations with Mr. Stefan regarding Mr. Pavleaka.

A Was it two or three? I don't recall. Somewhere in that neighborhood. Yes.

Q So the record is clear Mr. Clifford was not present during those two or three conversations you had with Mr. Stefan; is that correct?

A That's correct.

Q And Mr. Dowd wasn't present during those conversations you had with Mr. Stefan.

A That's correct.

(Continued on the next page.)

Q And Mr. Powell wasn't present either; is that correct?

A That's correct.

Q And the same would be true regarding conversations that you had with Mr. Pascuzi and Mr. Pavleaka; is that correct?

A Yes.

Q None of these three gentlemen were present.

A That's correct.

Q And I take it that you did not report to any of those three gentlemen as to those conversations?

A That's correct.

Q In other words, after you spoke to Mr. Wulfleff you didn't go to speak to Mr. Clifford about Mr. Wulfleff's conversation.

A No.

Q You never went to talk to Mr. Clifford to check whether or not what Mr. Wulfleff said was accurate or not?

A That's correct.

Q When you spoke to Mr. Stefan you never went to Mr. Clifford to see whether or not what Mr. Stefan said was true or accurate; is that correct?

A That's correct.

Q Now, you indicated, did you not, that during a conversation with this Joseph Stefan you indicated to him that Mr. Pavleaka's would be willing to be contributors but they would like raises; is that correct?

A They indicated that since everyone else received a raise.

Q So in other words, you communicated to Mr. Stefan the fact that both Mr. Pascuzzi and Mr. Paviclas would like a raise to assist them in making contributions?

A Yes.

Q You indicated, did you not, that as to Mr. Pascuzzi -- withdrawn.

There was no problem as far as Mr. Stefan was concerned with Mr. Pascuzzi but Mr. Stefan balked regarding Mr. Pavleakas?

A Yes.

Q I think you indicated that Mr. Stefan said he was going to fix or get Mr. Pavleakas taken care of and punished, on black lists and the like.

A He said he'd like to see Mr. Pavleakas on Mr. Clifford's blacklist.

Q He'd like to get him into trouble, that's what Mr. Stefan told you.

A Yes.

Q As a matter of fact, regardless of what Mr. Stefan said to you and regardless of what Mr. Stefan would have liked to have done, Mr. Paveleakas wasn't fired from the bank; is that correct?

A That's correct.

Q As a matter of fact Mr. Paveleakas advanced in the bank, got promoted and did very well at the bank.

A He was a good officer, yes.

Q He got a lot of good offers even though he didn't want to contribute?

A Yes.

Q He became the vice-president, head of the Huntington branch of Security National, which is one of their biggest branches?

A He was vice-president and manager of the branch when this occurred.

Q He continues during this very day through the take-over by Chemical?

A Yes.

Q Whatever Mr. Stefan would have liked to have done, he failed, is that correct, at least you see no visible evidence that he succeeded. That's for sure.

A That's right.

MR. NAFTALIS: Your Honor, may I just have

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one minute or two?

THE COURT: Yes.

Q Mr. Merolla, I think I have questioned you and several of the prosecutors questioned you about conversations you had with Mr. Stefan; is that correct?

A Yes, sir.

Q I guess it's pretty obvious but you don't see Mr. Stefan in this room, do you?

A No, I don't, sir.

Q And had you ever had any conversation with Mr. Stefan recently about anything about this case?

A No, sir.

MR. NAFTALIS: Thank you. I have nothing further.

MR. PATTISON: I have one brief point.

MR. BANNIGAN: I don't have any questions.

XXXXX

REDIRECT EXAMINATION

BY MR. PATTISON:

Q Mr. Ryan showed you Government's Exhibit 116, and in the upper right-hand corner below the star, you see some blue ink writing. Could you read that first, please?

A Well, the bank terminology it means two million dollars in demand, one and a half million dollars in

time.

Q Golf term, does that have anything to do with golf?

A Hardly.

MR. PATTISON: I have nothing further. I just ask that this be passed around to the jury.

MR. RYAN: No objection.

THE COURT: All right.

MR. BANNIGAN: I have an area I would like to go into.

THE COURT: You may cross examine.

CROSS EXAMINATION

BY MR. BANNIGAN:

Q I think you testified on your direct examination that you worked for some other banks prior to Security National and subsquent to Security National.

When you worked -- what bank did you work at prior to coming to Security?

A Franklin National.

Q What was your position there?

A Vice-president.

Q You were in charge of the Riverhead office, were you not?

A No, my last assignment, vice-president-in-

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charge, in loan administration for Suffolk County.

Q And in the course of your employment for Security did you ever have any occasion to attend any dinners or functions?

A Yes, sir.

Q Did you pay for those tickets yourself?

A No.

MR. BANNIGAN: No further questions.

MR. PATTISON: That -- was that Security National Bank that was asked?

MR. OBANNIGAN: Franklin.

THE WITNESS: Franklin.

Q When you were with Franklin National Bank you said you attended dinners.

A That's right.

Q Did you pay for the tickets to attend those dinners?

A No, sir.

Q Do you know who paid for them?

A No, sir.

MR. BANNIGAN: I have no further questions.

THE COURT: All right. You may step down, thank you.

MR. KATZBERG: May we approach for -- May

A 1302

(The following occurred in the absence of the Jury.)

THE COURT: Ready?

MR. KATZBERG: Mr. Pascuzzi is the Government's first witness.

There are matters I'd like to discuss with respect to the following witness, Miss Reddy, so after Mr. Pascuzzi is off, may we have a few moments to discuss certain things with your Honor, out of the presence of the Jury?

THE COURT: Yes.

(Jury seated.)

THE COURT: Has anyone heard anything about or discussed this case?

(No response.)

THE COURT: All right. The answer is negative.

ROBERT J. PASCUZZI, called as a witness, having been first duly sworn by the Clerk of the Court, testified as follows:

DIRECT EXAMINATION BY

MR. KATZBERG:

Q Morning, sir.

A Morning.

Q Mr. Pascuzzi, by whom are you currently employed?

A Oysterman's Bank & Trust Company.

Q How long have you worked for that bank?

A August, 1975.

Q Prior to that time, by whom were you employed?

A Chemical Bank.

Q When did you start working for them?

A When they acquired Security National Bank in January, '75.

Q When did you start working for Security National Bank?

A January '72.

Q What was your last date of employment for Security?

A I believe July 11th.

Q Of what year, sir?

A 1975.

Q What was your title at Security National Bank?

A Vice-president.

Q Where were you located physically, sir?

A Branch manager at the Islip office.

Q During the summer of 1973, who was your immediate superior at that time?

A Carmine Merolla.

Q And his title?

A District vice-president.

Q Mr. Pascuzzi, I want to direct your attention to June of 1973, did there come a time when you had a conversation with Mr. Merolla about political contributions?

A Yes, sir.

Q Was this conversation person or over the phone?

A Over the telephone.

Q Did you call Mr. Merolla or did he call you, sir?

A He called me.

Q Could you give us the substance of that conversation, sir?

A He called and said that I had been selected to join the political club at the bank. It was an honor to be considered for this.

I thanked him very much for it.

Then the conversation led into -- well, what my duties and obligations were, and he said, as a member of the club, I would be asked to make contributions out of my pay of up to $100 a month.

Q What, if anything, did you say to that, sir?

A I said: How am I to be reimbursed for this?

Q Continue with the conversation.

A He said: Well, at this point in time, the bank felt that because I was making an attractive salary, that there would be no reimbursement to me.

I answered saying that economically, I can't afford it based on what they are payment be because of the large family I had.

He said to give it some consideration as to whether or not I would join and I told him it would be impossible economically to join the club, contributing $100 a month grossly off my salary.

So I said no.

Q Is there anything else you recall about that conversation with respect to contributions?

A No, sir.

Q Was this the first time that you heard that a group of officers at the bank were making political contributions?

A Directly. Indirectly, through the rumor mill, there was mention of it.

Q Did you know whether or not other officers making contributions were compensated in any way?

A I believed that to be the case.

Q Did you mention that to Mr. Merolla, at all?

A I did.

Q Tell the ladies and gentlemen of the Jury, in substance, what was said.

MR. HAFTALIS: I believe Mr. Pascuzzi testified to that.

THE COURT: I will allow it.

Q Go ahead, sir.

A Would you repeat the question, please?

Q Yes.

Did you say anything to Mr. Merolla during that conversation with respect to other officers receiving compensation?

A Yes, I told Mr. Merolla that it was my impression that people asked to join this club were compensated and why should I be the exception to the rule.

He reiterated the fact that I was making an attractive salary and it should be part of my way of doing business with the bank, because they thought very highly of me and it is something I should consider.

And I told him economically I could not afford it.

Q Did there come a time, after this conversation with Mr. Merolla, that you had another conversation with someone else on the same subject?

A Yes, I did.

Q Approximately when was that?

A I would say within a two-week period of time.

Q Now, with whom did you have that second conversation?

A Joseph Stefan.

Q And would this still be approximately June of '73, sir?

A I believe so.

Q Was this conversation with Mr. Stefan in person or over the phone?

A Over the telephone.

Q Did you call him or did he call you?

A He called me.

Q Tell us to the best of your recollection, what that conversation was?

A In essence, Mr. Stefan called and we rehashed the con ation I had with Mr. Merolla and he asked me to se ly consider joining the club without an increase in pay.

And I told him that I couldn't join the club without being compensated for it.

Q Anything else you recall about that conversation?

A I think we just left it off at: Well, I will

get ba to you.

Q Tell us what, if anything, happened after that?

A Several weeks later, I guess, towards the end of the summer, in August, I had a subsequent conversation with Mr. Merolla.

He came down to the branch, the Islip office where I work, and in the conference room I have, we chatted about the same topic all over again, and at that particular time, I told him again, it is an impossibility, I can't join the club unless I was treated like everyone else.

Q What did he say to that, sir?

A He said: Well, I will get back to you; which he did.

Q And approximately when did he get back to you?

A I would say the end of August.

Q 1973 still?

A Yes -- the beginning of September.

Q What occurred at that time?

A He told me that a raise had been approved for me of $2,200 and that with this raise, I was to take $100 per month on instructions to be received from Mr. Chadwick and make my checks payable to whoever Mr. Chadwick directed

me to.

Q Mr. Pascuzzi, did there come a time when you actually got this $2,200 raise?

A Yes.

Q I want to show you, sir, what has already been marked for identification as Exhibit No. 38 and I want you to look at that exhibit, sir, and tell the Jury whether or not that $2,200 salary increase is listed on that document?

A Yes, it is.

Q And what is the date, the effective date of that $2,200 increase?

A 9/24/73.

Q Still looking at this exhibit for a moment, sir, there are other entries on that document?

A Yes.

Q Of salaries, and your title and personal information?

A Yes.

Q Are all of the entries and all the information contained on that exhibit fair an accurate depictions of your salary and titles at Security National Bank as you recall them?

A Yes, they are.

MR. KATZBERG: At this time, your Honor, the

Government would offer into evidence what has been previously marked as Government Exhibit No. 38 for Identification.

(Document shown to defense counsel.)

MR. BANNIGAN: No objection from the bank.

THE COURT: All right.

MR. NAFTALIS: I have no objection.

Just one thing, Mr. Katzberg. I think this came up in connection with an examination I conducted with a witness, and Mr. Pattison called it to my attention, that the raises the people got after 1973 are not reflected on this card.

In other words, these cards only cover through '73. So obviously they are accurate through that date. But whatever raises he or anybody else got after 1973, are reflected on different documents.

MR. PATTISON: As of 1974.

MR. COHN: No objection.

THE COURT: Mark it.

THE CLERK: Government Exhibit 38, previously marked for identification, marked in evidence.

(So marked.)

BY MR. KATZBERG:

Q Mr. Pascuzzi, sir, did there come a time,

subsequent to your receipt of this raise in September of 1973, when you actually began making the contributions?

A Yes.

MR, KATZBERG: At this time I ask the clerk to mark an envelope containing checks as the Government's next exhibit.

THE CLERK: Document marked for identification as Government Exhibit 161.

(So marked.)

MR. KATZBERG: And that five checks from Exhibit 161 be marked as 161-A through E, specifically a check dated 10/19/73 to the Suffolk County Republican Committee for $100 be marked as 161-A; check dated 12/19/73, Suffolk Republican Committee for $50 as 161-B; check dated 2/20/74, Beame Birthday Committee, $50, 161-C; check to the same payee, dated 3/6/74, for $25 as 161-D; and finally a check dated 3/25/74, for $25 to the Suffolk County Republican Committee as 161-E.

THE CLERK: So marked.

(So marked.)

BY MR. KATZBERG:

Q Mr. Pascuzzi, I want to show you the contents of 161, including 161-A through E.

Look at them, sir, and tell us if you recognize what they are.

A Yes, I do.

Q What are they, sir?

A These are the checks that I wrote and sent directly to Mr. Chadwick.

Q How did you know who you were going to make those checks payable to, sir?

A I received a telephone call once a month from Mr. Chadwick and he would tell me who to make the checks payable to.

Q Yow did you know the amounts to draw the checks in?

A He would tell me the amounts.

MR. KATZBERG: At this time the Government offers 161-A through E, inclusive, into evidence.

(Checks shown to defense counsel.)

(Pause.)

MR. BANNIGAN: I have no objection except as to the two checks voided.

MR. KATZBERG: I'd like to inquire about those, your Honor.

Q There are two checks stapled together, January 25,

'74, and the other 2/20/74, and there is a note on there; is that correct, sir?

A Yes, there is.

Q And when you sent those checks to Mr. Chadwick, did they have that note on them?

Q Yes, they did.

Q The note on top, when you sent them to Chadwick?

A No, not when I sent them to Chadwick.

Q You got those checks back?

A Yes.

Q Who sent them back to you?

A Mr. Chadwick.

Q That notation was on there, sir?

A Yes.

Q Did you void those checks yourself, sir?

A Yes.

Q Did you have any conversation with Mr. Chadwick about that, sir?

A Other than the fact that what the notation said on here that: I will call you if I need additional money.

Q Did there come a time after February '74, when you received additional calls from Mr. Chadwick?

A Yes.

Q When was that, sir?

A Probably March '74.

Q What was that conversation, briefly?

A To make out a check payable to somebody -- I don't recall -- I think that's the last check I wrote.

MR. KATZBERG: May I have the checks for a second, Mr. Naftalis?

MR. NAFTALIS: Sure.

(Checks handed to Government counsel.)

Q Look through those checks and see which one you are talking about, sir?

A Probably the 3/25/74 check.

Q After that, did you get any more calls from Mr. Chadwick?

A After March of '74?

Q Yes.

A Yes, I did.

Q What was the conversation?

A The conversation was similar to before: Would you kindly send me a check?

And at that point in time, I said: No.

MR. KATZBERG: I have nothing further at this time with the exception of asking that the checks identified in Exhibit 161-A through E be marked into evidence.

MR. NAFTALIS: No objection.

MR. COHN: No objection.

THE COURT: Mark it.

THE CLERK: Government Exhibits 161, 161-A through E, previously marked for Identification, marked in evidence.

(So marked.)

MR. KATZBERG: I have nothing further, your Honor.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good morning, Mr. Pascuzzi.

A Good morning.

Q My names if Gary Naftalis. I am Mr. Clifford's attorney. I think I met you outside a few minutes before we started.

A Yes.

Q You testified on the witness stand here to a conversation you had with Mr. Merolla; is that correct?

A Yes, sir.

Q Mr. Clifford, Mr. Dowd, Mr. Powell, were not participants in that conversation; is that correct?

A Not at all.

Q You testified about a conversation with

Mr. Stefan and is it true, once again, that neither Pat Clifford, Dave Dowd nor Frank Powell were involved in that conversation?

A That's correct.

Q You had another conversation or two w th Mr. Merolla and is it likewise true that neither Pat Clifford nor Dave Dowd nor Frank Powell was involved in that conversation?

A That's correct.

Q As a matter of fact, isn't it fair to say that -- let me start first with Pat Clifford.

Have you ever at any time had a conversation with Pat Clifford regarding the subject of political contributions?

A No.

Q Have you ever had a conversation like that with Dave Dowd?

A No, sir.

Q Have you ever had that kind of a conversation with Frank Powell?

A No, sir.

Q As a matter of fact, isn't it true that at the time you spoke to Mr. Stefan and Mr. Merolla, Mr.Dowd and Mr. Powell were not even in the bank any more?

A That's correct.

Q Now, I think you mentioned that there came a time, sir, when you stopped making contributions; is that correct?

A Yes, sir.

Q And I think you figured it more or less some time in the earlier part of the year of 1974?

A Yes.

Q Correct me if I'm wrong.

A Right.

Q It is fair to say that after you stopped making contributions, no one came to you and took away your raise you received a year earlier, based on conversations with Mr. Merolla?

A That's correct.

Q It was built into your salary structure and was used by you for whatever purposes you used any of your wages for?

A Yes.

Q I think there had been some mention in your testimony that Mr. Merolla told you in a conversation that you were an outstanding and up and coming officer in the bank or something to that effect?

A He indicated as much.

Q Without being unduly flattering to you, that was the impression that management had of you and you received excellent and outstandings on any appraisal ever done of your work.

You were referred to as perhaps the best officer in your particular district; isn't that correct?

A I believe he mentioned that once to me.

Q You knew, did you not, that the monies that were expended by you and any other officer who participated in the donations program was for the purpose of attending dinners and buying ads in various journals?

A Yes.

Q It is fair to say that these functions were prevalent and common in Long Island during the years you testified about?

A Yes, they were.

Q There were many of them?

A Yes.

Q And many of these functions, be it a dinner, coctail party, clambake outing, some of them had not only hundreds but thousands of people in attendance?

A Yes.

Q When you went to these dinners, you went there for a business purpose?

A Yes.

Q For the purpose of getting visibility for yourself and the bank, as a bank officer, in the hope of meeting potential clients or chatting with existing clients of the bank?

A That's correct.

Q You didn't go there for the purpose of supporting the candidate or listening to the particular speech made?

A No, sir.

Q You went there to talk to businessmen and introduce yourself as Bob Pascuzzi from the Security National Bank?

A Yes.

Q You had a business card, I take it, that you carried in your wallet or one of those little plastic things with the cellophane?

A Yes.

Q And sometimes you would give out your card and say: Call me for lunch, we can talk about making a loan or your becoming a depositor?

A Yes.

MR. NAFTALIS: Thank you.

CROSS-EXAMINATION

BY MR. RYAN:

Q Mr. Pascuzzi, in the years you worked at the Security National Bank and even the Oysterman's Bank, were and are you familiar with Mr. Powell's reputation in the banking industry?

A Yes.

Q Would you be kind enough to tell us what that is?

A Yes, probably one of the finest bankers in the last 50 years.

REDIRECT EXAMINATION

BY MR. KATZBERG:

Q Is there a single check in Exhibit 161 made out for a clambake, a dinner, a golf outing, cocktail party or any such event?

A No.

Q All these checks are drawn to political committees?

A Yes.

CROSS-EXAMINATION

BY MR. BANNIGAN:

Q Who ran these dinners and clambakes?

A Usually the political party --

Q The local party?

A The local party or county party.

Q That was the committee, was it not?

A Yes.

MR. BANNIGAN: No further questions.

MR. KATZBERG: Nothing further, your Honor.

THE COURT: Step down, please.

(Witness excused.)

THE COURT: We will take a short recess now.

(Jury excused. The following occurred in the absence of the Jury.)

MR. KATZBERG: There are a couple of matters I'd like to bring up with reference to Miss Pauline Reddy.

Mr. Ryan indicated yesterday that he'd like me to bring down the records Miss Reddy maintained in the years prior to the indictment of the contributors and directors contributions.

We heard testimony that the directors made contributions using their directors' fees and gave the money to Miss Reddy to make contributions.

The Government's position is that these records as to those matters are extraneous and irrelevant in reference to the indictment.

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THE COURT: All right, bring in the jury.

(Whereupon, the jury entered the courtroom.)

MR. KATZBERG: May I proceed, your Honor?

THE COURT: Yes, you may.

MR. KATZBERG: The Government calls Pauline F. Reddy.

P A U L I N E F. R E D D Y, called as a witness, being duly sworn by the Clerk of the Court, testified as follows:

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Miss Reddy, in a loud, clear voice, please, could you please give the ladies and gentlemen of the jury your current employment?

A Well, right now I am Vice President and corporate secretary of the Security National Bank in liquidation and I am also employed by Chemical.

Q I am sorry?

A Also employed by Chemical.

MR. COHN: Your Honor, may I have your permission to move my chair down to here?

THE COURT: Yes. Surely.

MR. COHN: Thank you.

Q Miss Reddy, try to project your voice as far as

you can. Could you tell us when you first started to work for the Security National Bank?

A Yes. I started in March of 1943.

Q Did you work at the Security Bank continuously from that day through the time that the Chemical Bank took it over, ma'am?

A Yes, I did.

Q Now, could you essentially tell the ladies and gentlemen of the jury -- focusing upon the time around 1966-1967 what your functions were at the bank at that time?

A Yes. I was corporate secretary to the bank. But I -- but I was also secretary to the President at that time.

Q Now, in 1966, who was the President of the bank?

A In 1966, in the beginning, Herman H. Mass was President of the bank.

Q Did there come a time thereafter that Mr. Clifford became the President of the bank?

A Yes. February of that year.

Q Now, did you have any function as a corporate secretary with respect to the minutes of the meeting of the Board of Directors?

A Yes.

Q Now, could you describe what that function was essentially for us, please?

A Well, prior to board meetings I prepared an agenda. And the agenda was submitted for approval. And copies of this were given to the President and the Secretary of the meeting. And during the meeting they would make notations on the agenda, and after the meeting turn them back to me and I would type up a rough draft. If something more had to be dictated, they would dictate to me, and then the drafts were given to the President and the Chairman or secretary, whoever it was at that time.

Q Now, after you gave them the draft of what they had written down on your agendas or added to the agendas, then what would happen?

A After I had given them the draft?

Q Yes.

A They would make any corrections that were necessary on it or anything that had to be added to it, and then they would be re-typed in final.

Q Now, would you re-type them in final, ma'am?

A Yes.

Q Now, after you would re-type the particular minutes, what would you do with them?

A After the final, they would go into the minute book.

Q Were they shown to the secretary to the Board of

Directors and the President after they were typed in final for their approval?

A They would have to sign them. So they would read them before they signed them.

Q So, in other words, the final version of the minutes was signed by -- both by the President and the Secretary of the Board; is that correct?

A Yes.

Q Now, in the year 1966, who was the President and who was the Secretary of the Board?

A Well, let's see now. In '66, Mr. Mass was President. Inthe beginning of it. And then he became Chairman of the Board. And then Mr. Clifford was President. And then Samuel Spitzbart, one of the directors, acted as Secretary.

Q So during this period, Mr. Spitzbart and Mr. Mass would sign the minutes of the Board is that correct?

A Yes.

Q And you would -- and they would make whatever changes on your draft so you could type it in final; is that correct?

A Yes.

Q Now, did there come a time when Mr. Clifford assumed Mr. Mass' role in that regard?

A Yes. Mr. Mass retired in 1968.

Q And then Mr. Clifford played the role that Mr. Mass played, the same function with respect to the -- with respect to the function of the minutes of the Board?

A Yes.

Q And he would sign all of the minutes from '68 on; is that correct?

A Yes.

Q Did there come a time in January of 1969 when Mr. Powell replaced Mr. Spitzbart as Secretary to the Board?

A Yes.

Q And from that time on Mr. Powell would give you the drafts; is that correct?

A Yes.

Q And you would have to sign them, the minutes, as well; is that correct, ma'am.

A Yes.

Q Now, did that situation with Mr. Clifford and Mr. Powell both being the individuals who was the draft and who signed the final of the minutes -- did that situation continue through 1975?

A Yes.

Q Did that situation continue continuously from 1969 through 1975?

A Yes. Except in cases where one of them might not have attended the meeting.

Q Right. Except for those circumstances.

A Yes.

Q Now, do you recall approximately May of 1972 Mr. Powell retired as an active officer of the bank?

A Yes. He retired.

Q Did Mr. Powell continue to play the role as Secretary to the Board thereafter?

A Yes, he did.

Q Right on through 1975?

A Yes.

Q Now, Miss Reddy, if you would oblige us for just a second and come off the stand, I want you to look at three cartons. And for the record, the first carton is 163 for identification. The second one is 164 for identification, and the third one is 165 for identification.

Now, during the time that you were the secretary to the Secretary of the Board, you became familiar, did you not, with the manner in which the Board minutes were bound; is that correct?

A Yes.

Q I want you to look at Exhibit 163. Would you tell us if you recognize what is contained in Exhibit 163.

Would you tell us what years -- I think it's indicated on the cover.

A 1966, '67, '68 are in this box.

Q Now, what about Exhibit 164? Are they minutes, as well?

A Yes.

Q What years do the --

A 1969, '70 and '71.

Q Finally, Miss Reddy, with respect to 165, can you tell us what they contain?

A These are the minute books.

Q For what years?

A '72, '73, '74.

Q Thank you, ma'am. You can resume the stand. Thank you.

Miss Reddy, did there come a time during the course of your typing the minutes of the Board of Directo s meeting when you recall there being attachments to the board that were not contained actually in the volumes you have already identified?

A Yes.

Q On how many occasions generally would that occur, if you can recall?

A Well, we usually kept the annual salaries in

sealed envelopes in the file.

Q What was done with these attachments to the Board after they were put in envelopes and sealed?

A They were kept in the file.

Q In the file cabinet?

A Yes.

MR. KATZBERG: I ask the Clerk to mark two of such attachments as the next Government's exhibit for identification, specifically one of the board meeting dated 12/14/67.

THE CLERK: Document marked for identification as Government Exhibit 166.

(So marked.)

MR. KATZBERG: And another attachment for the Board meeting dated 12/22/70.

THE CLERK: Document marked for identification as Government Exhibit 167.

(So marked.)

Q I want you to look at, Miss Reddy, Exhibits 166 and 167 for identification and tell us, please, whether or not you recognize what they are?

A Yes.

Q What are they, ma'am?

A These are salary increases that were approved

by the Board of Directors at these two board meetings, one in December 14, 1967 and one in December 22, 1970.

Q Are they part of the Board of Directors records?

A Yes. They are described in the minutes and kept in a separate envelope.

Q Now, Miss Reddy, were these Board of Directors minutes and the attachments that you have already identified, were they prepared and maintained in the ordinary course of business of the Security National Bank?

A Yes.

MR. NAFTALIS: You can skip those questions. We will concede --

THE COURT: All right.

MR. NAFTALIS: Genuine and actual records.

MR. KATZBERG: With that, the Government would offer into evidence Exhibits 163, 164, 165, 166 and 167.

MR. BANNIGAN: No objection from the bank.

THE COURT: All right. Mark them.

THE CLERK: Government's Exhibits 163 through 167 previously marked for identification marked in evidence.

(So marked.)

MR. NAFTALIS: May I see 166 and 167 while you're

examining the witness? You don't have to delay.

Thank you.

Q Now, Miss Reddy, I want to show you some documents which are already in evidence. We will start with -- for the record, Exhibit 15 in evidence, Mr. Dowd's personnel file -- D-o-w-d; Exhibit 39 in evidence, Mr. Powell's Visi card; Exhibit 25 in evidence, Mr. Hart's personnel Visi card; Exhibit 46 in evidence, Mr. Vandermark's Visi card; Exhibit 4 in evidence, Mr. Bradley's Visi card ; Exhibit 29, in evidence, Mr. Lamberton's Visi card; and Exhibit 3 in evidence, Mr. Barrie's Visi card.

Now, with respect to Mr David Dowd's Visi card, it shows, does it not, that Mr. Dowd received a $1,700 salary increase on 11/27/67; is that correct?

Would you speak up, please?

A Yes, that's correct.

Q With respect to Mr. Powell's Visi card, it shows that he received a $1,700 salary increase on 11/27/67?

A That's correct.

Q With respect to Mr. Hart's Visi card, it shows that he received a salary increase of $1,700 on 11/27/67; is that correct?

A That's correct.

Q Is my finger covering this up; I'm sorry.

With regard to Mr. Vandermark's increase, does it reflect that Mr. Vandermark received an increase on 11/27/67, a $1,700 salary increase?

A Yes.

Q And the same is true with respect to Mr. Bradley, $1,700, 11/27/67?

A Yes.

Q The same is true for Mr. Lamberton, 11/27/67, $1,700?

A Yes.

Q And finally, with respect to Mr. Barrie's visi card; is that likewise reflected that the 1,700 salary increase was given?

A Right.

Q 11/27/67?

A Yes.

Q Just let me put them back in order.

Now, when the Board would give a salary increase, was it the practice of the Board to approve these increases at Board meetings prior to the effective date of the increase?

A Yes.

MR. KATZBERG: I ask, Mr. Clerk, that the minutes of the Board of Directors meeting containing the minutes of July 13, 1967 through December 28, 1967 be

marked separately as Exhibit 163A, please, for identification -- or in evidence.

MR. NAFTALIS: What month?

MR. KATZBERG: July 13, 1967 through December 28, 1967.

THE CLERK: So marked.

MR. KATZBERG: Thank you, sir.

Q Now, Miss Reddy, all of the salary increases that we have just referred to are in November of 1967; is that correct?

A Correct.

Q Will you turn to the Board of Directors -- go back to October -- October 13, 1967. That's the first one.

Okay, ma'am.

Now, was Mr. Clifford present at that meeting at -- according to the minutes?

A Yes.

Q Could you look at the minutes of October 13, 1967?

By the way, to your knowledge, when officers' salaries were approved by the Board of Directors, was that noted -- the salary increase, was that noted in the minutes?

A Yes.

Q Now, could you look through October 13, 1967 to see whether or not there is any mention of a $1,700 salary increase for either Mr. Dowd, Mr. Powell, Mr. Hart,

Mr. Vandermark, Mr. Bradley, Mr. Lamberton or Mr. Barrie?

A No salary increase listed.

Q None?

A None.

Q Let's take the very next year.

MR. COHN: May I ask the Court -- just to shorten the cross-examination of the witness, may I respectfully request that Mr. Katzberg elicit from the witness as to each one of these meetings as to whether Mr. Dowd was present at the meeting so --

MR. KATZBERG: I will say for the record that Mr. Dowd was not present at any of the meetings based on my review of the minutes.

MR. COHN: Fine. Thank you. I accept that.

(continued next page)

MR. KATZBERG: And after this meeting only Mr. Clifford was present. And I will identify which, if any, of the defendants were present as we go along.

MR. NAFTALIS: If we could have that -- and, of course, I don't want to trespass on his inquiry, but if we could bring out during the years '66, '67 and '68 when Mr. Maass was the chairman and he was in charge of the meeting and he conducted the meeting, I would appreciate --

MR. KATZBERG: Mr. Naftalis just anticipated my next question as to who signed those minutes.

MR. NAFTALIS: Herman Maass. I am sorry. I apologize for interrupting.

MR. KATZBERG: I appreciate it, Mr. Naftalis. Thank you.

Q Now with respect to the meeting that we just looked at, October 13th, who signed the minutes for that meeting?

A Herman Maass and Samuel Spitzbart.

Q As you told us before, they were the ones who were responsible for that during those years?

A Yes.

Q Could you look at the next meeting of the board of directors. What is the date?

A October 26, 1967.

Q Once again, could you please look through the minutes of October 26, 1967 to see if you find any reference to either a proposal for a salary increase or an approval of a salary increase of $1700 for Mr. Doud, Mr. Powell, Mr. Hart, Mr. Vandermark, Mr. Bradley, Mr. Lamberton or Mr. Barrie.

A The only reference there is to -- the personnel department presented a report of employee salary increments of $21,386.

Q Now, when they refer to employees, they're talking about officers or higher echelon employees at the bank?

A To the best of my knowledge it was non-official staff.

Q People who were not officers; is that correct?

A To the best of my knowledge.

Q So, again, there are no officers salary increases at all referred to in the minutes of October 26, 1967; is that correct?

A Correct.

Q And for the record, Mr. Clifford was absent that day; is that correct?

A He was.

Q Now, once again, for the record, will you look at the bottom of the minutes transcribed for that meeting.

Who signed those minutes for that meeting?

A Herman H. Maass and Samuel Spitzbart.

Q Let's go to the very next meeting of the board. That would be November 16th of 1967, some 11 days prior to the increase we spoke about; is that correct?

A Yes.

Q Now, is Mr. Clifford again absent?

A Yes.

Q Now, could you look through theminutes of November 16th and tell us whether or not you see reflected therein any $1700 salary increase or any increase at all for Mr. Doud, Mr. Powell, Mr. Hart, Mr. Vandermark, Mr. Bradley, Mr. Lamberton or Mr. Barrie?

A No increase at all.

Q Again, that's signed by Mr. Maass and Mr. Spitzbart; is that correct?

A That's correct.

Q Now, when is the very next meeting after October -- I'm sorry -- November 16, 1967.

MR. RYAN: Before you leave that meeting, Mr. Powell wasn't present according to the records.

MR. KATZBERG: No. As I said before on the record, Mr. Powell was not present.

MR. RYAN: Also who presented the personnel

folder to the board?

THE COURT: The meeting --

MR. KATZBERG: Which meeting?

MR. RYAN: November 30th.

MR. KATZBERG: This is 11/16/67.

th MR. PATTISON: No,he hasn't gotten to that yet.

MR. RYAN: I'm sorry. I thought you were up to November 30th, '67.

MR. KATZBERG: No.

THE COURT: All right, go ahead.

Q We are still with 11/16/67. There were no officers salary increases presented or discussions at all; is that correct?

A No.

Q Fine. What is the very next meeting after 11/16/67.

A November 30th, '67.

Q That's three days after those salary increases; is that right, mam?

A Yes. November 22nd.

Q Is that correct?

A Correct.

Q Now, was it the practice of the board to discuss retroactive salary increases to your knowledge?

A I believe there were occasions when they were.

Q Let's see November 30th, three days after the effective date of those increases, if there is any reference to salary increases for Mr. Doud, Mr. Hart, Mr. Vandermark, Mr. Powell, Mr. Bradley, Mr. Lamberton or Mr. Barrie.

A No, I don't see any reference to anything.

Q Now, mam, except for officers designations --

A Personnel department report of salary increase.

Q When you speak about employees salaries, we are not talking about officers?

A To the best of my knowledge.

Q Mr. Brogan made the presentation of the employees salary increases; is thatcorrect?

A Yes.

Q Mr. Clifford was present on this occasion, November 30th?

A Yes.

Q But, again, there is no reference to the salary increases that we have already spoken about for these individuals: Mr. Doud, Mr. Powell, Mr. Hart, Mr. Vandermark, Mr. Bradley, Mr. Lamberton and Mr. Barrie?

A No.

Q Again, that is signed by Mr. Maass and Mr. Spitzbart; is that correct?

A Yes.

Q Do you think it is worth our while to go to the very next meeting to look for it, mam? I don't --

MR. RYAN: Yes, I would like her to go to the next meeting, if you would, please. December --

Q December 5th is the next meeting. Is there any discussion at the December 5th meeting about salary increases for any of the individuals we discussed?

A No.

Q Thank you, mam.

That's again, signed by Mr. Maass and Mr. Spitzbart; is that correct?

A Correct.

Q So none of those $1700 salary increases are reflected on the 11/27/67 -- to these officers was reflected in those minutes; is that correct, as being discussed or approved by the board? Is that correct?

A Yes.

Q Thank you.

I'd like to go on now to raises granted on 1/8/68.

MR. NAFTALIS: Why don't you cover the meeting where it was approved?

MR. RYAN: Would you go to the next one,

December 14th.

MR. NAFTALIS: 7/14?

MR. RYAN: December 14th, '67.

Q Will you look at the minutes of December 14th, 1967 some -- almost one month after the salary --

MR. NAFTALIS: I object to the "some one month." The lady testified to retroactive salaries were approved during the regular course tnat she was there. Let me him just ask the questions.

THE COURT: All right.

Q Page 3876. Would you read what it says on page 3876?

A Caption, Personnel Department. Officers salary increments. James J. Brogan, vice president, submitted a schedule of senior management increases and schedule of officers increases recommended by the salary committee. Motion duly made, seconded and carried. The recommendations for salary increases were approved effective January 8, 1968.

Q So those are raises that would be for January 8, 1968 and not for November of 1967; is that correct, mam?

A Effective January 8, 1968.

Q Thank you, mam.

Now, stay there because that's the one that I was going to go to next, because I want to show you some visi cards of salary increases that were effective January 8, 1968.

But before we get to that, is it safe to say, mam, that these $1700 salary increases, 11/27/67, are not reflected in the board minutes; is that correct?

A I don't find themspecifically reflected.

Q Thank you, mam.

Now, there are a number of salary increases that were given, according to this, for 1/8/68; is that correct?

A Yes.

Q Now, in that connection, I want to show you the visi cards of Mr. Fritz, Exhibit 18 in evidence. That shows, does it not, that Mr. Fritz received two salary increases the same day; is that correct?

A Yes.

Q $3500 salary increase and a $1700 salary increase, both granted the same day, 1/8/68; is that correct?

A Yes.

Q Now, did the minutes of the meeting for December 14th --

MR. KATZBERG: Mr. Naftalis, may I have the attachments?

MR. MANNIGAN: They are over there.

MR. KATZBERG: May I have them?

MR. COHN: Yes.

Q The minutes reflect, do they not, that the salary

increase approved at the December 14th, 1967 was sealed and put in the file? One of those attachments; is that correct?

A That's correct.

Q This Exhibit 166 in evidence, is that the attachment that reflects the salary increase approved by the board on 12/14/67?

A That's correct.

Q Effective January 8, 1968?

A Yes.

Q Now, with respect to Mr. Fritz, you already indicated on that date he got two salary increases, according to his visi card; is that correct?

A Yes.

Q Now, one was $3500 and one was $1700? Could you --

A Right.

Q Could you look at the attachment 166, to see what if any increases were approved by the board for Mr. Fritz for 1/8/68?

A $3500.

Q Do you see a $1700 salary increase approved for that day?

A No.

Q Just the $3500; is that correct?

A Yes.

Q I want to show you -- keep that attachment there. I want to show you Mr. Sly's visi card, Exhibit 43 in evidence.

Mr. Sly received two salary increases on 1/8/68; is that correct?

A Yes.

Q One for $500 and one for $1700; is that correct?

A Yes.

Q Both effective 1/8/68?

A Yes.

Q Could you look -- could you look for the reference to the Board of Directors meeting, the minutes, as to any increase that Mr. Sly got.

Let me try to help you. I have gone through this before.

A $500.

MR. COHN: I'm sorry . I didn't hear the answer.

A $500.

Q Is that document which reflects the salary increases approved by the board, does that reflect the $1700 increase granted the same day?

A No, it does not.

A No, it does not.

Q With respect to Mr. Brogan, his visi card is Exhibit 5 in evidence. It shows that Mr. Brogan received one salary increase on 1/8/68, $1700 salary increase; is that correct?

A Yes.

Q What if anything does the board of directors attachment of salary increases voted by the board reflect as to what Mr. Brogan got?

A No salary increase.

Q No salary increase reflected all?

A No.

Q With respect to Mr. Knoess, his visi card is Exhibit 27 in evidence. The visi card shows that Mr. Knoess got two salary increases on January 8, 1968; is that correct?

A Yes.

Q One of $2,000?

A Right.

Q And one of $1700; is that correct?

A Yes.

(continued on next page)

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BY MR. KATZBERG:

Q Can you look for Mr. Corriss? Any reference to Mr. Corriss' salary increase as approved by the board and see what is listed there? Is that it?

A No.

Q I am sorry.

A 2,000.

Q It shows the 2,000 on 1/8/68 that is reflected on the VISI card?

A Yes.

Q Does it show the $1,700 that was given on 1/8/68 as shown by the VISI card?

A No.

Q How about Mr. Melcher, Exhibit 36 in evidence. Mr. Melcher's VISI card. Mr. Melcher's VISI card reflects, does it not, that on 1/8/68 he also received two salary increases, one for $3,000 and one of $1,700, both 1/8/68; is that correct?

A Yes.

Q Looking for Mr. Melcher and what is reflected in the board minutes of his salary increases, can you see what the board minutes reflect Mr. Melcher received on 1/8/68?

A $3,000.

Q So the 3,000 on 1/8/68 is shown; is that correct?

A Right.

Q Is the 1,700 shown?

A No.

Q Finally, with respect to the raises granted on 1/8/68, I want to show you Mr. Dickerson -- Charles Dickerson's VISI card, Exhibit No. 13 in evidence. Does that attachment to the board of directors minutes, which we have been discussing, reflect salary increases granted as 1/8/68? First, I want to show you Mr. Dickerson's VISI card. Does it show that he received on 1/8/68 two separate raises? Is that correct? One of a thousand dollars and one of $1,700; is that correct?

A Yes.

Q Now, what if anything is shown in the board of directors minutes on what the board approved for Mr. Dickerson for 1/8/68?

A $1,000.

Q Does it show the $1,700?

A No.

Q Okay. Is there any mention of the $1,700 salary increase for political contributions or anything like that on December 14, 1967 in the minutes?

A No. Just --

Q This just refers to --

A Just what refers to the attachment.

Q Thank you.

MR. KATZBERG: Mr. Clerk, I ask that another volume taken from Exhibit 163 be marked as Exhibit 163-B in evidence.

THE CLERK: Document marked for identification -- I mean in evidence as Government Exhibit 163-B.

(So marked.)

MR. NAFTALIS: What year.

MR. KATZBERG: The dates covered by Exhibit 163-B are January 11, 1968 through June 27, 1968.

Q Before we look at that exhibit, I want to show you, Miss Reddy, the VISI Card of Mr. George Brooks, Exhibit No. 6 in evidence. Now, this VISI card shows, does it not, that Mr. Brooks on 4/15/68 -- April 15, 1968 received a $1,700 salary increase; is that correct?

A Yes.

Q Now, let's look at the minutes of the board meeting prior to that effective date of the salary increase. We will start in March. Let's look for March 28, 1968. Do you have them there?

A Yes.

Q Now, could you look at the minutes of March 28, 1968. First, was Mr. Clifford present that day for that

meeting?

A Yes.

Q Now, could you look to tell us whether or not there is any reference to a $1,700 salary increase for George Brooks?

A The only reference is to an employee salary increment.

Q Not the officers.

Who made the presentation of the employee salary increases that day?

A Patrick J. Clifford.

Q President?

A Yes.

Q So there is no reference to the 4/15/68 -- the Brooks salary increase?

A No.

MR. NAFTALIS: Who signed it.

MR. KATZBERG: I am sorry.

Q Who signed that?

A Herman H. Maass and Samuel Spitzbart.

THE COURT: I can hardly hear you and I am sitting up here.

THE WITNESS: Herman Maass and Samual Spitzbart.

MR. RYAN: Was Frank Powell --

MR. KATZBERG: Only Mr. Clifford was present.

Q Could we go to the very next meeting, 4/11/68 to look for the $1,700 salary increase of 4/15/68 for Mr. Brooks.

Was Mr. Clifford present that day?

A Yes.

Q April 11, 1968?

A Yes.

Q Will you look for any reference for a discussion of -- or an approval of a $1,700 salary increase for Mr. Brooks?

A No reference.

Q Could you tell us who signed?

A Herman H. Maass and Samuel Spitzbart.

THE COURT: All right. We are going to recess at this point. We will recess now. You may go out to lunch. Don't discuss the case. Be back at 2:00 o'clock.

(Whereupon, the jury retired from the Courtroom.)

THE COURT: You may step down.

(Witness excused.)

THE COURT: Isn't this way --

MR. KATZBERG: I have just another ten minutes of it.

THE COURT: All right.

MR. KATZBERG: Yes. And this aspect will be over with. I want to prove that none of these raises were approved by the board.

THE COURT: Because it gets bogged down.

MR. KATZBERG: I think it's important to make--

THE COURT: It loses its effect. That's why I took the recess.

All right, 2:00 o'clock.

MR. NAFTALIS: 2:15?

THE COURT: Around there.

(Luncheon recess taken.)

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A 1352 A F T E R N O O N S E S S I O N

(Jury not present.)

MR. KATZBERG: Can Miss Reddy resume the stand, your Honor?

THE COURT: She may.

P A U L I N E R E D D Y , having been previously duly sworn by the Clerk of the Court, resumed the witness stand and further testified as follows:

(Jury entered jury box.)

DIRECT EXAMINATION

BY MR. KATZBERG: (Continuing.)

Q. Miss Reddy, you recall that we were looking at the VISI card of Mr. Brooks and we had noted that he had received a $1,700 salary increase on April 15, 1968. Do you remember that, ma'am?

A Yes.

Q We looked at the board minutes for March 28 and found no reference to it and the board minutes of April 11, 1968 and found no reference to it.

Let's look at the board minutes of April 25, 1968. Was Mr. Clifford present that day?

A Yes.

Q Were there any salary increases discussed or announced at the board?

A Employees salary increases.

Q And who presented the employees salary increases that day?

A Patrick Clifford.

Q Do you see any reference to a $1,700 salary increase to the officer George Brooks?

A No.

Q And who signed that particular board of directors minutes?

A Herman H. Maass and Samuel Spitzbart.

Q And the next meeting is May 15; is that correct?

A Yes.

Q Now, I want to show you another group of VISI cards for Mr. Casey, Exhibit No. 8 in evidence, for Mr. Doud Exhibit No. 14 in evidence; Mr. Mause Exhibit 35 in evidence; Mr. Groskoph, Exhibit No. 21 in evidence, Mr. Gargano Exhibit 19 in evidence and Mr. Merolla Exhibit No. 37 in evidence.

Look at these VISI cards, ma'am, and let's start with Mr. Casey.

He received a $5,000 increase on 1/4/71; is that correct?

A Yes.

Q And Mr. Doud on 1/4/71 received how much of an increase?

A $4,200.

Q And Mr. Mause received $3,700 on 1/4/71?

A Correct.

Q And Mr. Groskoph received $5,000 on 1/4/71?

A Right.

Q And Mr. Gargano on 1/4/71 received $4,500?

A Right.

Q And finally, Mr. Merolla received $5,000 on 1/4/71; is that correct?

A That's right.

MR. KATZBERG: I ask that this volume of board of directors' minutes, part of Exhibit 163 for July 11, 1968 through December 27 -- I'm sorry -- withdrawn -- that's the wrong one.

I ask that part of Exhibit 164, a board of directors' minutes volume for July 16, 1970 to December 22, 1970 be marked as Exhibit 164A in evidence, please.

THE CLERK: Marked.

(So marked.)

Q Now, let's look at the meeting of December 22, 1970. Do you want to help me find that?

(Pause.)

Q Now, Mr. Clifford was present; is that correct?

4

A Yes.

Q Mr. Powell was present?

A Yes.

Q By this time he had become secretary to the board; is that correct?

A Right.

Q Would you look to see whether or not it is a fact that Mr. Powell, I believe, made presentations of officers' salary increases on that day --

MR. RYAN: What date is that, please?

MR. KATZBERG: December 22, 1970.

A Yes.

Q Would you read what it says about that?

A Officer increases, title changes and new appointments.

Frank B. Powell, Executive Vice President submitted a schedule of officer increases and a list of title changes and new appointments by management.

The motion, duly made, seconded and carried, approved January 1, 1971.

A schedule showing total increases for departments branches and executive officers is attached to and made a part of the minutes of this meeting.

A copy of the schedule of officers increases

will be placed in a sealed envelope and placed in the files of the chairman of the board.

Q The officers salaries, as you indicated before, were put in a sealed envelope in a file cabinet and were not directly part of the minutes but attached to them?

A That is correct.

Q I want to show you Exhibit 167 in evidence. Is that an attachment of the minutes of December 22, 1970?

A Yes.

Q Can you look on there and see if you find the $5,000 salary raise for Mr. Casey in January of 1971?

A Yes.

Q He received $5,000 and brought his salary up to $35,000; correct?

A Correct.

Q Is there any notation in this record that $2,000 out of the $5,000 was for contributions?

A No. It is just $5,000 recommended increase.

Q There is no discussion of any breakdown?

A No.

Q With respect to Mr. Doud, Robert Doud, the VISI card shows that he got a $4,200 increase in January of 1971.

Can you find whether Mr. Doud's $4,200 increase

is listed in there?

A Yes.

Q Is there any reference that any part of that increase was for contributions?

A Just $4,200 recommended increase.

Q With respect to Mr. Mause, the VISI card shows of Mr. Mause, Exhibit 35 in evidence, that in January of 1971 he got $3,700; is that correct?

A Correct.

Q Do you see whether or not Mr. Mause's $3,700 increase is listed in there -- this should be it, right here

A $3,700.

Q Does it say anything about $1,700 being for political contributions or any portion of it being for political contributions?

A No.

Q With respect to Mr. Groskoph, Exhibit 21 in evidence, looking at the attachment to the minutes of the board of directors --

MR. KATZBERG: Withdrawn.

Q His VISI card shows he received $5,000 in January of 1971?

A Correct.

Q Is that $5,000 listed in the minutes of the

board?

A Yes, it is.

Q And is there any notation that 2,000 or any portion of that was for political contributions?

A No.

Q With respect to Mr. Gargano, Michael Gargano -- it should be up front -- his VISI card shows that in January of 1971 he got $4,500. Is that reflected in the minutes of the board?

A Yes.

Q Bringing his salary to a total of $27,000?

A Correct.

Q Is there any notation that any amount of that was for political contributions?

A No.

Q Mr. Merolla, his VISI card shows a $5,000 increase in January, 1971. Is that increase listed in the minutes of the board?

A Yes.

Q Is there any notation that $2,000 or any portion of that increase was for the purpose of political contributions?

A No.

Q Looking in the minutes itself of December 22 of the officers recommended increases by Mr. Powell, is there

any reference to any discussion that any of those increases in whole or part were for the purpose of making political contributions?

A No.

Q Now, I just have one more and then we will be finished --

MR. NAFTALIS: I took two things from 1968.

MR. KATZBERG: I'm past that, sir. Thank you.

I ask that a volume coming from Exhibit No. 165 be marked as 165-A. It is the minutes for January, 1971 through June of 1971.

THE CLERK: Marked --

MR. KATZBERG: I'm sorry. That's 164. It should be 164-A -- I'm sorry -- 164-B.

THE CLERK: Marked.

(So marked.)

MR. KATZBERG: That is 164-B.

Q Miss Reddy, I want to show you the VISI card of Mr. Fach. It indicates that his starting salary, February 1st, 1971 was $35,000; is that correct?

A That is correct.

Q I want to turn to the board of directors minutes of February 11, 1971. Is that reflected here, ma'am -- February 11, 1971 minutes; is that correct?

A That's February 11, 1971.

Q Is Mr. Clifford present?

A Yes.

Q Is Mr. Powell present?

A Yes.

Q Now, there is a notation in there, is there not, that Mr. Fach was just hired; is that correct?

A Yes.

Q Could you read what that says about Mr. Fach?

A Albert W. Fach, vice presndent and senior trust officer, date of employment February 1st, 1971; department: Personal trust; salary, $35,000.

Q Is there any reference in there that 2,000 out of the $35,000 Mr. Fach was getting as salary was for the purpose of making political contributions?

A No.

Q Or that his salary was divided in any way whatsoever?

A No.

Q Who signed those minutes, ma'am?

A Patrick J. Clifford and Frank B. Powell.

Q Now Miss Reddy, you told us that originally in the years 1965 or so you were Mr. Maass' secretary, Herman Maass?

A Yes.

Q He preceeded Mr. Clifford as president of the bank; is that correct?

A That is correct.

Q Now, did there come a time, Miss Reddy, when you were in charge of the funds of directors of the bank who were making political contributions?

A Yes, a fund from which tickets to different affairs were purchased.

Q Did you collect the money from the directors, ma'am?

A Yes.

Q How did you do that? Tell the ladies and gentlemen of the jury how that took place.

A How I collected from them?

Q Yes.

A Well, each time they came into a board meeting -- they came to a board meeting or would send to me, $50 towards this fund for political contributions.

Q Do you know the source of the $50 they would send or give you each board meeting?

A As far as I was concerned, it was their own funds.

Q You had no knowledge one way or the other?

A No.

Q Did you ever learn that the $50 was the $50 directors fee for attending each meeting?

A No, they were paid a directors fee.

Q You never heard that the $50 corresponded to the amount of money they were getting as a directors fee?

A They were paid for each board meeting they attended.

Q But they paid the $50 whether or not they had attended the board meetings?

A Yes.

Q Did you keep records of the contributions yourself as you got them from the directors?

A I did.

MR. KATZBERG: Mr. Clerk, I ask that two separate files be marked as the next two Government exhibits for identification.

THE CLERK: Government Exhibit 168.

(So marked.)

THE CLERK: Government Exhibit 169.

(So marked.)

(Continued next page.)

BY MR. KATZBERG:

Q Miss Reddy, I want to show you Exhibit 168 for Identification, and aI want you to tell us if you recognize 168?

A Yes.

Q And what is that, ma'am?

A These are bank statements with the cancelled checks for the different contributions.

Q What is the very last bank statement you've got there?

A The last statement is dated April 19, 1968.

Q And the first date of the first statement?

A April 27, 1966.

Q So it is approximately two years; is that correct?

A Yes.

Q Now, is there a balance in that account -- you had your own account?

A Yes, I had Special Account D.

Q Was there a balance remaining in that account the last month it was in operation?

A Yes.

Q And how much money was there, do you recall?

A $99.

Q And what, if anything, was done with that balance the last month of the account?

A A check was made out to Betty Jaeger, Special Account.

Q The money was transferred to Mrs. Jaeger's special account?

A Yes.

Q The date of the check?

A March 25, 1968.

Q I want to show you Exhibit No. 169 for Identification.

Would you look at that, ma'am, and tell us if you recognize what that is?

A Yes. These were my records of the contributions.

Q And all the people on there are directors; is that correct?

Q And those are the records that you kept of each contribution that they made; is that correct?

A Correct.

Q Would there be times when a director would be in arrears, so to speak, back a few months?

A Yes.

Q What would you do under those circumstances?

A Contact them by phone or write a letter.

Q And you would get the money?

A Yes.

Q A number of these checks were made payable to Baldwin Republican Club, $25; Nassau County Republican Club, $600.

How would you know who to write the checks to?

A Well, I would get them approved.

Q From whom, ma'am?

A I can't remember exactly but I would assume Mr. Maass. I worked for him.

Q So the best of your recollection is Mr. Maass?

A Yes.

Q When you got the money from the directors, I assume you would deposit it into that special account?

A Yes.

MR. KATZBERG: At this time, the Government offers 168 and 169 into evidence.

MR. RYAN: No objection.

MR. COHN: No objection.

MR. NAFTALIS: No objection, but I'd like to see them.

THE CLERK: Government Exhibits 168 and 169, previously marked for Identification, received in

evidence.

(So marked.)

BY MR. KATZBERG:

Q Miss Reddy, how did it come about that you no longer administered this account and transferred the remaining $99 balance to Mrs. Jaeger?

A I don't remember exactly how the discussion -- who told me but I was told that the fund would be handled in a different way and Mrs. Jaeger would handle it from now on.

Q Do you remember who told you that the fund was going to be handled in a different way?

A I don't remember.

Q Were you told why the fund was going to be changed?

A No.

Q Were you told about the new way it was going to be handled?

A I don't remember being told how it was going to be handled except that Mrs. Jaeger came to me and asked how my record was set up so she could set up records of her own.

Q You don't remember who told you about this change?

A No.

Q I want to show you a document marked for identification as Exhibit No. 162, the sticker on the back is the appropriate sticker number.

Look at that document for a second, ma'am. Over the years that you were working for Mr. Powell as his secretary, with respect to the Board of Directors' minutes, did you come to learn his handwriting, sir -- ma'am?

A Yes.

MR. NAFTALIS: You can strike the word "sir." I have no objection.

Q Would you look at 162 --

MR. RYAN: There is no dispute as to the handwriting on the document, Mr. Katzberg.

Q That is Mr. Powell's handwriting there, the words on the top left-hand corner?

A Yes.

Q Did there come a time, Miss Reddy, in 1975, approximately, when you had a conversation with Mr. Powell with respect to that article?

A Yes.

Q And could you tell us where you were and -- with Mr. Powell when this conversation took place, if you

remember?

A I don't know. I am sure it was in the bank. I couldn't tell you exactly where, but it was a discussion wherein Mr. Powell asked if I recalled an article that appeared in the Wall Street Journal regarding political contributions, and I did have a recollection of it.

Q What else did he say at that time?

A Well, at that time he told me when this article came out, shortly thereafter, he was at some sort of an affair where there was a discussion about this article, and he had not seen the article, so he located a copy of it and sent a clipping into the bank's attorney.

Q Who was that?

A It was addressed to George, so I would say George DeGenaro of Shea, Gould, Climenko and Kramer.

Q Was there any other conversation with Mr. Powell about this article at that time that you recall?

A No, I don't recall anything else except that he said he had sent it in.

Q What is the date of the article?

A November 21, 1969 --

MR. COHN: If your Honor please, the article is not yet in evidence.

THE COURT: That's true.

MR. KATZBERG: At this time, your Honor, the Government would move the admission of Exhibit 162 in evidence.

MR. RYAN: In connection with our discussion outside the presence of the Jury, certain things have to be done with the exhibit, so subject to those deletions we agreed on.

THE COURT: It is admitted with the necessary deletions.

MR. RYAN: No objection to reading the writing.

MR. KATZBERG: I want to read the circled part.

THE COURT: Nothing else.

MR. NAFTALIS: May we proceed to the bench before Mr. Katzberg reads?

(The following occurred at side bar.)

MR. NAFTALIS: Mr. Cohn and I raised with you earlier in discussion that the fact that this evidence would only be admissible certainly at least at this stage as to the defendant Powell, and we would ask for appropriate instruction that this evidence is not admissible at this time as against Mr. Clifford and Mr. Dowd.

Obviously at some other time during the trial, if they are able -- either during the defense case or otherwise, they are entitled to do something with it. But at this stage, we ask for a limiting instructioj to the Jury.

I think Mr. Korman indicated that he agreed on the record that there was no way it could be admitted against these two gentlemen.

MR. COHN: Judge, as I recall this witness's testimony, I think that this document has come in a little differently than it was originally represented to your Honor.

As I recall her testimony, Frank Powell takes this paper and sends it to the bank's lawyer.

THE COURT: Right.

MR. COHN: The bank's lawyer keeps it in the file, from what I can tell from the Grand Jury testimony and produced this paper pursuant to a subpoena.

I think your Honor had determined that Powell had waived the privilege.

Can I respectfully ask your Honor to consider this aspect -- if a client sends a paper to a lawyer for legal advice and the lawyer then, without

calling the client, releases the paper to a third party, can the client be deemed to have waived the privilege?

This is what disturbs me about this whole aspect.

MR. BANNIGAN: The Judge ruled on it and I am taking exception.

I object to the offer.

MR. PATTISON: This is clearly a public document.

MR. BANNIGAN: It ceased to be public when the notes were written --

MR. PATTISON: Let's talk about this.

If we went into what, if any, talk occurred after this were sent, we would be in the attorney-client area.

MR. RYAN: Then I would object to it.

MR. PATTISON: But this doesn't go that far.

Concerning what I feel we can cut out -- I think we can cut out parts of this which clearly are not relevant.

THE COURT: We're not going to do it now. We will cover this up and photostat it.

MR. PATTISON: Just these two articles --

these two parts which are circled. If that were the only part submitted it would have no sense at all.

THE COURT: Right now just this will be read.

MR. PATTISON: What about the headline as to what these paragraphs refer to, "U. S. Starts Enforcing Political Gift Given By Banks."

This was clearly read by Powell. H eidn't just read the parts he circled. This part here also. It is going tc be hard for anybody to plead surprise after so many prosecutions in such a short time.

This is clearly relevant.

MR. COHN: Any reference to prosecution, I would object to.

MR. RYAN: Editorial comment.

THE COURT: No, no. That goes out. I would not allow a newspaper article to prepare or destroy a defense.

The fact that they say there is no surprise doesn't mean he can't say there was a surprise.

He can read those two things now but not this. It would be clearly erroneous. You are subjecting the Jury to the opinion of someone else and I would not allow that.

MR. PATTISON: I ask that the headlines, date and these two paragraphs, and Mr. Powell's comment be read now.

THE COURT: Only as to when they had guilty knowledge.

MR. RYAN: Not the headline --

THE COURT: I think the headline would be real prejudicial at this point. You will get it in eventually but it is prejudicial at this point.

MR. PATTISON: He read it.

THE COURT: You don't know that.

MR. PATTISON: I think there is a clear rational inference to know what to circle.

MR. RYAN: How do we know that the lawyer didn't circle that but I will consent to the two paragraphs and the handwriting.

THE COURT: He pointedout to George -- you don't think he said: George, circle what you think I mean.

MR. KATZBERG: What can I read?

THE COURT: The headline, these two and nothing else.

MR. BANNIGAN: Mr. Pattison mentioned an additional point not mentioned at side bar and I wish

to respond to.

He said it is a public document and not privileged.

If a public document with no writing, I would agree with him.

I state for the record that this ceased to be public when it was set forth that he wanted to speak to his attorney about it.

MR. RYAN: He can read the handwriting and the two paragraphs.

THE COURT: And the headline.

(The following occurred in open Court.)

THE COURT: The paper will be admitted at this time in reference to Mr. Powell. It is not being admitted at this time, subject to connection, as to Mr. Dowd and Mr. Clifford.

THE CLERK: Government's Exhibit 162, previously marked for identification, marked in evidence, as indicated by the Court.

(So marked.)

MR. KATZBERG: May I read?

THE COURT: Certain portions the Court is permitting to be read. The balance is subject to connection.

MR. KATZBERG: It is a newspaper article, the headline of which reads: Delinquent Donors -- U. S. Starts Enforcing Laws Barring Political Gifts By Firms, Unions.

There are two paragraphs in the middle of the article. One is bracketed. The second one is circled.

The bracketed paragraph reads:

"Typically he said a company agrees in advance to pay phony invoices furnished by the candidates advertizing agency listing fictitious consultation or other services supposedly performed for the corporation.

"In other cases companies transfer money in the guize of 'dues and subscriptions' to bogus 'trade associations' that exist soldy to collect and disburse political cash.

"Funneling the funds through a law firm and then a secret trustee account is another favored technique."

The circled paragraph reads as follows:

"Aside from these practices, investigators say some companies contribute indirectly by lending credit cards, airplane or hotel suites to

ical candidates. Others grant bonuses to their executives with the understanding that they will contribute individually to political candiates (keeping enough to take care of the tax bite on their added income).

"Contributions by individual executives can also be 'expensed,' that is, reimbursed over a period of time by the expense account."

In the upper left-hand corner, there is a written, handwritten notation: George, I'd like to talk with you about this, and it is signed "F. B. Powell," and this is an article from the Wall Street Journal, Friday, November 21, 1969.

MR. BANNIGAN: I'd like it to reflect it is George D. DeGenaro, part of the firm of Lord, Day & Lord.

MR. KATZBERG: Shea, Gould.

MR. BANNIGAN: I'm sorry. Shea, Gould, not Lord, Day & Lord.

I think it is time for me to go home now.

(Continued on next page.)

fl.s

THE COURT: All right.

MR. KATZBERG: Your Honor, I just have one more question of this witness and then I will be finished.

Q Miss Reddy, with respect to all of these Board of Directors meetings through all the years that you type them up as per the instructions of Mr. Mass, Mr. Spitzbart, Mr. Clifford and Mr. Powell, do you ever remember on a single instance any Board of Directors meeting either in the draft or final form saying anything whatsoever about political contributions or raises given for political contributions?

A No, I don't recall anything like that.

MR. KATZBERG: Thank you. I have no further questions.

CROSS-EXAMINATION

BY MR. RYAN:

Q Miss Reddy, of course youwere fully aware of the political contributions club that the Board of Directors had before Betty Jaeger took this over, right?

A Yes.

Q Okay. I would like to ask you a few questions about that.

First of all, this club that existed prior to the Betty Jaeger special account, had members comprising the directors of the bank, correct?

A Right.

Q That included Mr. Shea, correct, at one time, and included Mr. -- Dr. Ronan?

A Yes.

Q Who was the head of the MTA at one time, correct?

A Correct.

Q And several other people?

A Yes.

Q Okay.

And you maintained these recordson your own here with the title of the directors across the top, and I am showing you Exhibit 169, with the directors' name right across, and William Shea and William Ronan are two of the members of the directors, correct?

A Correct.

Q On the left-hand column you have a series of dates. What does that represent?

A Those were the dates that the -- of the board meeting.

Q Okay. What was the compensation for the directors for attending the board meetings?

A $1,500 a year annually plus $100 for attendance at board meetings.

Q All right. And would you pay the directors for

their attendance at board meetings?

A Yes, I did.

Q Would you do that by check or cash to the director?

A By cash.

Q Would you put the cash in an envelope? Tell us about the procedure that you used.

A Yes. I would make out a debit ticket, get the cash and put it in the envelope, one for each director.

Q What would be the denominations of the cash in the envelope for each individual director, if you can recall?

A In the beginning it was $100 bills. And then we changed it to two $50 bills.

Q Were there occasions when you collected money for this club where the director would take a $50 bill out of the envelope and give it to you on occasions?

A Yes. I think there were occasions.

Q It wasn't an infrequent occasion? It would occur on some instances and some it would not?

A Yes.

Q On some occasions the director would send you a fifty-dollar check?

A Yes.

Q And the way you computed the amount of money that

a director owed to you, the funds, so to speak, was based on the meetings for which he would be paid $100 attendance fee?

A It was based on every meeting.

Q Every meeting, okay.

And then, of course, there came a time when the account was winding up, so to speak, after -- in December, '67 when Betty Jaeger took over this fund?

A Yes.

Q Okay. And you wrote letters, for example, to Mr. Shea, did you not? I am showing you one letter.

A Yes.

Q Taken from Exhibit 168, right?

A Yes.

MR. RYAN: Your Honor, may I read this letter to the jury?

This letter is dated December 12, 1967, addressed to Mr. William --

MR. KATZBERG: Mr. Ryan, you can mark it separately so the record is --

MR. RYAN: Surely.

MR. KATZBERG: You can mark it as 168A.

MR. RYAN: 168A, please, letter dated December 12, 1967 addressed to Mr. Shea.

THE CLERK: Letter dated December 12, 1967

marked as Government Exhibit 168-A.

MR. RYAN: Okay.

"Dear Mr. Shea:

"As you know, each director has been contributing $50 at each board meeting for the purpose of maintaining a special account for the purpose of tickets and journal ads and for making contributions to political organizations. According to our records, we did not receive your contribution for the following meeting --"

And then, colon, and then August 24, 1967 is inserted.

"We would appreciate receiving your check in the amount of $50 at your convenience in order to bring this account up to date."

Now, I'd like to mark as 168-B another letter, same date, addressed to Dr. Ronan.

THE CLERK: Letter dated December 12, 1967 marked in evidence as Government's Exhibit 168-B.

(So marked.)

Q Now, Mrs. Reddy, this letter, is it not the same format as the letter to Mr. Shea?

A Yes.

Q Except you refer to three meetings, correct?

A Correct.

Q According to your computation, Dr. Ronan owed the fund three times $50, right? $150?

A Yes.

Q So that the amount of money that was computed for his contribution of the fund was based on $50 a meeting?

A Right.

Q Okay. For which the bank paid him $100 a meeting, if he attended?

A Correct.

Q Did anyone tell you when you were doing these things to keep these things quiet, that there might be something questionable here?

A No.

Q Okay. You kept these records, your ledger right here, correct? Nobody told you to throw those away or hide anything?

A No.

Q Okay. Of course, when you were winding up this fund so that the Betty Jaeger account would be opened, you didn't just write to Mr. Shea or Dr. Ronan? You also wrote to Mr. Leonard Braun, a director, did you not?

A Yes.

Q Mr. O'Donnahalt, another director?

A Yes.

Q Mr. -- can you pronounce this name? C-o-r-y-d-o-n.

A Corydon.

Q You wrote a letter to Mr. Carl Shurlstein, correct?

A Correct.

Q He owed for three meetings, $150, right?

A Yes.

Q Peter Murray?

A Yes.

Q Okay. Now, I want to change the subject matter.

This conversation you had with Frank Powell about the article that Mr. Katzberg read to the jury, do you recall Mr. Powell asking you if you recall what Mr. De Genaro's response was? Do you recall or don't you?

A No, I don't.

Q Mr. De Genaro didn't talk to you about what his advice was with response to Frank's request?

A No.

Q Okay.

A Wait a minute. I do. I think that Mr. Powell told me that -- that someone was -- was to be called and to close out the account.

Q Okay. Now, with respect to salary increases, I'd like to take you through one, if I may.

Now, first of all, I want to ask you about the

procedure that you personally were involved in with respect to the submission of salary increases for the Board of Directors.

Q First of all, do you prepare the document which we see here as Exhibit 166, officers' proposed increases?

A No.

Q That's prepared by whom?

A The Personnel Department.

Q Okay. And do you have anything to do with the document before it's submitted to the Board at the Board meeting?

A Usually, the Personnel Officer submits it to the Board.

Q Okay. That would be Mr. Brogan? Do you recall?

A Yes.

Q Okay. And how long prior to the Board meeting, which in this case was December 14, 1967, would this document be submitted to the Board or brought to you for submission? When would it come into being as far as you know?

A Well, I really couldn't say, except that it was brought in by the Personnel Director. When he prepared it, I don't know.

Q All right. Now, the Board meeting that Mr. Katzberg asked you about occurred on December 14, 1967?

A Yes.

Q Can you tell us the -- the document shows, does it now, for example, that Frank Powell's present salary on December 14, 1967 was $36,700?

A Correct.

Q Okay.

Can you tell us from the card that if anybody in the Personnel Department received the card, what his salary would be on December 14, 1967?

A $36,700.

Q So the information on this document, 166, submitted to the Board, would be accurate as of December 14, 1967?

A That's correct.

Q So if the information was taken off of the Visi card by the girl in the Personnel Department, put in the list, it would appear as $36,700; is that correct?

MR. KATZBERG: Your Honor, that's an "if." Miss Reddy has no idea.

MR. RYAN: Yes.

Q You didn't work in the Personnel Department?

A No.

Q Nor did Mr. Powell?

A That's right.

Q Of course, with respect to the other increases,

the Merolla increase that Mr. Katzberg asked you about, the Brooks increase, they were fully on the salary schedule? Do you recall Mr. Merolla got a $5,000 increase?

A Yes.

Q It was fully on tha schedule?

A Yes.

Q Now, Miss Reddy, have you had occasionto review the minutes that are offered in evidence here for the purpose of reviewing the retainer agreement of the Shea firm?

A Yes.

MR. RYAN: Would you mark this document, please?

THE CLERK: Is this yours?

MR. RYAN: My document.

THE CLERK: Marked for identification as Defendant's Exhibit MM.

(So marked.)

Q I show you Defendant's Exhibit MM. Can you tell us -- first of all, do you recall when the Shea firm was first retained by the bank as its counsel?

A I believe it was in early -- in 1967.

Q All right. From your review of the Board of Directors minutes, can you tell us what the amount of the first retainer agreement was for the Shea firm?

A $40,000.

Q For what year?

A For the year 1967.

Q Okay. How about for the year 1968?

A 1968, 50,000, effective April 1st.

Q How about for the year 1969?

A 90,000.

Q How about for the year 1970?

A 100,000.

Q How about for the year 1971?

A 150,000.

Q How about for the year 1973?

A 180,000.

Q How about for the year 1974?

A $240,000.

Q Okay.

MR. BANNIGAN: Your Honor, I'd like to join the Shea firm and take back what I --

MR. NAFTALIS: Yes, I join in that.

THE COURT: All right.

Q Now, of course, those figures you read off to us were figures representing, according to the minutes of the general agreement, as to a retainer fee, correct?

A Correct.

Q That doesn't represent what the law firm is paid,

does it?

A No.

Q Okay. Did you have occasion to review the official notices of meeting of stockholders of the bank to ascertain whether or not, or how much the Shea firm was paid during certain years?

A Yes.

Q Were you able to ascertain from the official documents how much the Shea firm was paid for the year 1971 for legal services?

A $206,750.

Q For the year '72?

A $287,750.

Q For the year '73?

A $492,088.

Q For the year '74?

A $853,220.

MR. COHN: How much?

Q Eight hundred-odd thousand --

MR. KATZBERG: I object to the comment made by Mr. Cohn?

MR. COHN: I didn't make a comment. Can I have the last answer read?

THE COURT: All right, we will have the last

answ r read back.

Q Well, to save time, Mr. Cohn would like to know the last amount of money paid by the bank for the Shea firm for the year 1974.

A $853,220.

Q Okay.

MR. COHN: Thank you, your Honor.

MR. RYAN: Please bear with me, your Honor.

As a matter of fact, I requested some documents. They are not in the courtroom. I request them from the Government.

I wonder if this would be an appropriate time to take our last break before we recess for the day so we can get the documents so we can finish up with this witness?

THE COURT: All right. Take a break at this time.

MR. RYAN: Thank you.

(Whereupon, the jury retired from the courtroom.)

(Recess taken.)

THE COURT: All right, bring in the jury.

(Whereupon, the jury entered the courtroom.)

THE COURT: All right.

Q Now, Mrs. Reddy, before I begin, I would like

to mark three folders.

MR. RYAN: George Brooks is the next exhibit.

THE CLERK: Document marked for identification as Defendant's Exhibit II.

(So marked.)

MR. RYAN: All right. Let me have this, please.

Q Now, you recall asked you about Mr. Brooks -- George Brooks and the salary increase, correct?

A Yes.

Q Let me show you Defendant's Exhibit II. Do you recognize these as the personnel folders of officers -- of Officer Brooks?

A Personnel folder. I didn't have any access to them.

(continued next page)

BY MR. RYAN:

Q Okay.

MR. RYAN: Bear with me for a minute.

All right. We will mark this as a separate document. Will you mark this as -- this memorandum of April 15, 1968 as II-1, please.

THE CLERK: Memorandum dated April 15, 1968, so marked.

(So marked.)

Q I show you II-1. Do you recognize Frank Powell's initials on that document?

A Yes, I do.

MR. RYAN: I offer it in evidence.

MR. PATTISON: May I see it, please.

MR. KATZBERG: No objection.

THE CLERK: Defendant's Exhibit II-1 previously marked for identification marked in evidence.

(So marked.)

MR. RYAN: I would like to read this document to the jury at this time, your Honor.

THE COURT: You may.

MR. RYAN: Thank you.

This is an inter-office memorandum dated April 15, 1968 from Frank B. Powell, executive

vice-president -- controller to Herman H. Maass, chairman of the board.

Subject, salary adjustments.

As discussed with you and Mr. Clifford this date, the following officers salary adjustments were agreed to in the amount of $1,700, effective with the pay period beginning April 15,

Then there is a column of officers: George G. Brooks, William Dalhman, Milton Gidge, Charles Saunders, Earnest Slade and Van Ness Darling.

And signed Frank B. Powell, copy to Mr. James Brogan, vice-president.

I would like to mark Mr. Slade's personnel file as the next exhibit and Mr. Gidge's personnel file as the following exhibit.

MR. KATZBERG: Your Honor, in order to save time, I believe it's the exact same document in each of the files. Why don't we have the document marked. They are the same documents.

THE COURT: All right. They will all be marked.

MR. RYAN: In other words, the copies of this memo was placed in the various officers' files.

MR. PATTISON: Yes.

MR. RYAN: I want to mark the --

A 1391

MR. KATZBERG: No. I'm saying if you want to offer them --

MR. RYAN: No need to mark it. Thank you, Mr. Katzberg.

Q Did you, MIss Reddy, have an opportunity to review the board of directors' meeting which is contained in these three boxes on the table to ascertain the various positions held by Mr. Shea at the Security National Bank for the years 1967 through 1974?

A Yes, I did.

Q Okay. First of all, these are various committees within the operation of the bank, are they not?

A Yes.

Q For example, there is an examining committee?

A Right.

Q Profit sharing and administrative committee, things of that nature, correct?

A Yes.

Q Directors' loan review committee?

A Right.

Q All right. Would you be good enough to tell us from your examination of the board of directors meeting what committees Mr. Shea served on in 1967, for example?

A In 1967 he served on the examining committee an

chairman.

Q Do you recall what the examining committee's function was?

A The examining committee more or less went over the audit of the bank.

Q Okay. Can you tell us what committees, if any, he served on in 1968?

A Examining committee.

Q For the year 1969?

A Examining committee and profit sharing administrative committee.

Q For the year '70?

A Examining committee and profit sharing administrative committee.

Q The year '71?

A Examining committee and profit sharing administrative committee.

Q The year '72?

A Examining committee, director loan review committee, executive committee, profit sharing administrative committee, and trust audit committee.

Q And the year -- am I up to '71?

A '73.

Q '73.

A Directors' loan committee, examining committee, executive profit sharing administrative committee and trust audit committee.

Q For the year '74, Miss Reddy, the last one?

A Examining committee, executive committee, directors' loan review committee, trust audit committee, profit sharing administrative committee and stock option committee.

Q Of course, during all of these years, Mr. Shea was also the director of the bank, correct?

A Correct.

Q Okay. And the bank's general counsel as a member of the firm, right?

A Right.

Q Okay.

MR. RYAN: I offer HH in evidence.

MR. KATZBERG: Your Honor, just a brief voir dire on it for a second, your Honor.

VOIR DIRE EXAMINATION

BY MR. KATZBERG:

Q HH was drawn up by you, ma'am?

A Yes.

Q Based upon your review of the records?

A That's right.

Q When was this done? Do you know?

A It was done I think towards the end of '75. Somewhere around there.

Q Late '75 -- early '76? Does that sound about right?

A Yes.

Q At whose request did you do that?

A Mr. Powell.

MR. KATZBERG: Thank you. I have no objection to it being offered.

THE CLERK: Defendant's Exhibit HH previously marked for identification marked in evidence.

(So marked.)

CROSS-EXAMINATION

BY MR. RYAN: (Continuing.)

Q Now, Miss Reddy, what was the year that you started with the bank?

A 1943.

Q Can you tell us, the ladies and gentlemen of the jury, what Mr. Powell's reputation in the banking community for honesty, integrity, trustworthiness?

A I have the greatest respect forMr. Powell. He has the best reputation. I don't know of anyone who could say that.

MR. RYAN: Thank you very much.

jpml

Q Mrs. Reddy, my name is Irving Cohn and I am David Dowd's lawyer.

Are you familiar with the microfilm system that the bank had in use and in practice while you were at the bank?

A Yes.

Q There was introduced into evidence checks that you wrote on this account that you described to the jury. May I ask you, please, were your checks photographed on this microfilm system?

A All checks at the bank were microfilmed.

Q All checks are microfilmed and made a permanent record of the bank?

A Yes.

Q That would be your checks, customers' checks, anybody that drew on the bank and used a book of checks that the bank gives out; is that correct?

A Yes.

Q Would you tell me, ma'am, the customers' bank statements were also microfilmed to your knowledge?

A Yes, I believe they are now.

Q Let me show you this exhibit 169, those are your handwritten notes on the receipts and disbursements on this fund that you were involved with for some time; is

that correct?

A Yes.

Q Was this ever microfilmed?

A No.

Q The answer is "no"?

A No.

Q Is this the type of record such as you prepared, where there were handwritten notes and handwritten ledgers, is this the type of document that the bank microfilmed over the years that you were with the bank?

A No.

Q Is it fair to say, ma'am, the records that are on the bank's microfilm system are the checks, the customer statements, perhaps notes that bank customers make when they borrow money from the bank so a permanent record can be made or that?

A Yes.

Q And are those essentially the records that are put on the microfilm system and not informal records as Mr. Katzberg had you identify and which you prepared?

A Those types of things were not.

Q And this type of thing is not put on the microfilm system?

A No.

Q You were telling us in response to Mr. Ryan's questions that Mr. Powell sent a memorandum to Mr. Mause about some $1700 increases, is that correct?

A That is the memorandum that Mr. Ryan just had. I do not recall seeing it.

Q But you know Mr. Ryan took this out of the official personnel files at the particular offices of whose names he mentioned in that those files were produced by the Government?

A That's right.

Q The Mr. Mause that he addressed this to is the same gentleman that I believe you had worked for -- you were his secretary?

A Correct.

Q That is the Herman Mause who signed the minutes?

A Yes.

Q Are these meetings and the Herman Mause who was chairman of the board, the same gentleman, is that correct?

A Yes.

Q Now, a copy was also sent to Mr. Brogan; is that also correct?

A Correct me if I am wrong:

A 1398

It is my impression that when you identified this document labeled Government's Exhibit 166, Senior Management Increases, the one that I have in my hand refers to the board meeting of 12/14/67.

Am I correct, that this was a document that was prepared by the management committee?

A By the personnel department.

Q By the personnel department?

A Right.

Q Did Mr. Brogan have anything to do with the personnel department?

A Yes, Mr. Brogan was in charge.

Q Mr. Brogan was in charge and is that the same Mr. Brogan that a copy of the $1700 increases went to?

A Yes.

Q Your answer is "yes"?

A Yes.

Q And the board relied on the documents that Mr. Brogan prepared; is that correct?

A To the best of my knowledge, yes.

Q Is it not a fact that with regard to this document that Mr. Brogan prepared, effective January 8, 1969, the column "Present Salary" favorably compares in all respects and accurately with the salary as of that date on the Visi

cards; is that right?

I think MR. Katzberg took you through that.

MR. KATZBERG: To 1/8/68.

Q Then a salary increase was voted effective January 1968 and that went on the Visi cards?

A Right.

Q So the figures on this form, referring to Exhibit 166, is fully in accordance with the Visi cards as far as the salary being paid to the particular officers from time to time?

A Right.

MR. COHN: I have no further questions of the witness at this time.

THE COURT: Any questions?

MR. NAFTALIS: I have just a few, your Honor.

CROSS-EXAMINATION

BY MR. NAFTALIS:

Q Good afternoon.

I think you indicated, did you not, in response to a question under direct examination that you wrote up the minutes of the Board of Directors of the SEcurity National Bank?

A Yes.

Q I think you indicated that you did that

throughout the entire period which we are concerned, the beginning of 1960 on, and before you did that?

A That's right.

Q Let me see if I understand the procedure:

Let us go to 1967 and the early part of 1968.

Mr. Katzberg questioned you at least in part about that.

Did you attent the board meetings themselves?

A No, I did not.

Q You were never present?

A No.

Q And so you would have no personal or first-hand knowledge on exactly what was discussed or what was not discussed or in what way it was discussed; is that correct?

A Correct.

Q The information that you would receive would come from Mr. Spitzbart; is that correct?

A Yes.

Q Samuel Spitzbart?

A Yes.

Q And Mr. Spitzbart was a director of the bank?

A Yes.

Q And Mr. Spitzbart would give you handwritten notes of his recollection of what occurred at the meetings:

is that correct?

A Correct.

Q And from Mr. Spitzbart's handwritten notes you would type up a rough draft of the official board minutes; is that correct?

A Correct.

Q And you would circulate that rough draft to two people, Mr. Spitzbart and Mr. Herman Mause; is that correct?

A Yes.

Q And Mr. Mause was chairman of the board of the bank and Mr. Spitzbart was one of the directors of the bank; is that correct?

A Yes.

Q And after Mr. Herman Mause and MR. Spitzbart reviewed the minutes -- let me start again:

After Mr. Herman Mause and Mr. Spitzbart had reviewed your rough draft, they would then return it to you, either intact or with substantive or dramatical changes; is that correct?

A Yes.

Q There would be occasions where they would find that you made a mistake inadvertently in grammar, spelling or something affecting the substance and

Mr. Spitzbart or Mr. Mause would return it to you with their corrections, and you would type up the final form; is that correct?

A Yes.

Q Now, as I understood it, you worked for Mr. Mause; is that correct?

A That's right.

MR. PATTISON: May we have a time frame?

MR. NAFTALIS: I will get to it.

Q And when did you start working for Mr. Mause; if you can recall?

A Well, Mr. Mause came to the bank in 1958, I believe it was.

Q And he was the president ofthe bank from 1958 on?

A He was president from September, I think it was, of '58.

Q And he remained as president ofthe bank -- when did he become chairman of the board of the bank?

A I can't give you the exact date.

Q To the best of your recollection.

A When MR. Clifford became president, then Mr. Mause became chairman of the board.

Q Around 1958 through the beginning of 1966

Mr. Mause was president of the bank; is that correct?

A Yes.

Q Then in 1966 Mr. Mause stepped up to become chairman of the board; is that correct?

A Yes.

Q And he brought Mr. Clifford in under him as president; is that correct?

A Yes.

Q And there is no question that the chairman of the board is the highest official in the bank?

A Yes.

Q And you continued to work for Mr. Mause as the chairman of the board throughout the rest of his entire stay at the bank; is that correct?

A Yes.

Q And he remained as chairman of the board, if you will accept my representation looking through the minutes, throughout all of 1966, all of 1967 and through and until the beginning of July of 1968?

A (Nods head.)

Q Is that correct?

A I believe so.

Q Then in July of 1968 Mr. Mause stepped down as chairman of the board and he was appointed chairman

emeritus?

A Right.

Q And he remained a director of the board -- I could show you the minutes if that will refresh your recollection?

He remained as a director -- let me start again:

After he became chairman emeritus in July 1968 he still remained a director?

Let me show you some of the minutes to refresh your recollection, if I may?

Here is August 29, 1968 and I am referring, Mr. Katzberg, to the volume of minutes of July 11, 1968 through December 23 --

MR. KATZBERG: We will accept your representation.

MR. NAFTALIS: Very well.

Q In any event, Miss Reddy, Mr. Mause stayed on as a director even though he stepped down as chairman in July of 1968 for the balance of 1968?

A I don't recall the date.

MR. NAFTALIS: You will accept my representation?

MR. KATZBERG: Yes.

MR. NAFTALIS: Thank you, Mr. Katzberg.

Q I want to direct your attention that Mr. Mause was chairman of the board of directors of the bank 1966, 1967 and through July of 1968, and you were his secretary; is that correct?

A That's correct.

Q And Mr. Mause came to work every day; is that correct?

A Yes.

Q I do not mean when he was sick or when he had to make a speech.

A Correct.

Q He was very active in the management of the bank; is that correct?

A Yes.

Q And he played a major role as chairman of the board of the bank --

MR. KATZBERG: If she knows.

MR. PATTISON: The form "major" or "minor" is relative.

MR. NAFTALIS: I will rephrase it. There is no point in having a hassle about it.

Q Mr. Mause worked very hard during those years as chairman of the board, didn't he?

A Yes, Mr. Mause was chairman of the board -- I don't know what you mean "worked very hard."

Q He was there and did his job?

A Yes.

Q He wasn't off in Peru or someplace like that?

A No.

Q Now, you told us about the system of contributions that existed in the bank where you kept the records and they covered a period of time beginning in the beginning of 1966, I think, through 1967?

A Right.

Q Is that correct?

A That's correct.

Q And you kept certain records which you produced here and Mr. Katzberg had marked as Exhibit 169 in evidence; is that correct?

A Right.

Q Is it fair to say that you kept those records so there would be an accurate accounting of the monies that were taken in and the monies that went out?

A Yes.

Q And so there would be no questions from Internal Revenue purposes?

A That's right.

Q Now, Mr. Clifford and Mr. Mause were two of the directors who paid $50 into this fund; is that correct?

A Correct.

Q Now Mr. Clifford and Mr. Mause were salaried officers of the bank at that time; isn't that correct?

A Yes.

Q And as a result they received no directors' fees?

A That's right.

Q Any monies that Mr. Clifford put into this fund came out of his very own pocket?

A Correct.

Q No way he got monies from the bank and put it into the fund?

A Not to my knowledge.

Q Everything was his own dollars?

A To the best of my knowledge, yes.

Q Now, you remained as Mr. Mause's secretary for the period of time that he was chairman of the board and chairman emeritus; is that correct?

A That's correct.

Q Then after he left the bank, there came a time when Mr. Travers became president of the bank?

A That's correct.

Q And then you became Mr. Martin TRavers' secretary?

A That's right.

Q And during the period of time that MR. Travers was president of the bank, he was also a member of its board of directors, too; is that correct?

A Yes.

Q And he attended those meetings also to the extent reflected in the minutes; is that correct?

A Correct.

Q And during those instances Mr. Clifford, then chairman of the board, was not present, Mr. Travers would be chairman of the board of directors at those meetings; is that correct?

A Yes.

MR. NAFTALIS: Thank you very much.

MR. BANNIGAN: The bank has no questions.

THE COURT: You may step down. Thank you.

MR. KATZBERG: Thank you, Mrs. Reddy.

Do you mind if I leave these exhibits here, while we call the next witness?

THE COURT: How long will the next witness take?

MR. KATZBERG: On direct about 20 minutes or so.

MR. KATZBERG: The Governments calls Harry Melsha.

H A R R Y W. M E L S H A , called as a witness, having been first duly sworn by the Clerk of the Court, t stified as follows:

THE CLERK: Full name and spell it for the reporter.

THE WITNESS: Harry Melsha, M-e-l-s-h-a.

DIRECT EXAMINATION

BY MR. KATZBERG:

Q Mr. Melsha, in a loud clear voice, sir, so that everyone can hear you, are you currently employed?

A No, sir.

Q Was there a time, Mr. Melsha, when you were employed by the Security National Bank?

A Yes.

Q Could you tell us when you started to work at the Security National Bank?

A March 23, 1955.

Q For how long a period of time did you continue to work at the Security National Bank?

A Up until the day it was acquired by Chemical Bank.

Q Around January --

A January.

BY MR. KATZBERG:

Q Around January of 1975?

A January, that's right.

Q Did you work continuously from 1955 th ugh 1975 at the bank, sir?

A That's correct.

Q Now, when you were first hired at the bank what was your title, in '55?

A Manager of bookkeeping department.

Q Did there come a time thereafter when you received a number of promotions, sir?

A That's correct.

Q Now, I want to direct your attention to theyear 1967.

What was your title in 1967?

A Up until July 1st, assistant vice-president and July 1st I was made a vice-president.

Q Now, where was your office located physically in 1967?

A In Huntington, Suffolk County, Long Island.

Q And was that a branch or the main office, sir?

A That was the main office.

Q Now, whom did you report to at that time?

A Frank Powell.

Q And anybody else other than Mr. Powell?

A His intern diary, George Barrie.

He, at that time I believe, was deputy comptroller.

Q He worked for Mr. Powell?

A That's correct.

Q Now, again focusing on this period of time, 1967, more specifically, Mr. Melsha, December of 1967, did there come a time when someone spoke to you about making political contributions?

A That's correct.

Q And who was that, sir?

A That was a George Barrie.

Q And where did the conversation take place?

A In what we called our office. It was like a long narrow room. There were about five of us that had quarters there.

Q Now, was anybody else privy to this conversation between yourself and Mr. Barrie?

A No one else was there.

MR. RYAN: Excuse me, your Honor. I have to object to the conversation between himself and Mr. Barrie.

THE COURT: Barrie?

MR. PATTISON: Your Honor, may we approach the bench?

THE COURT: Yes.

(The following occurred at side bar.)

MR. PATTISON: Your Honor, Barrie has been a witness and testified.

MR. BANNIGAN: He didn't recall any such conversation, he testified.

MR. PATTISON: I think that if he does, I think he should.

MR. BANNIGAN: It's hearsay.

THE COURT: How can it be hearsay? Because he doesn't recall it.

MR. BANNIGAN: Says he doesn't recall the conversation. He's not named as a co-conspirator.

MR. RYAN: May I be heard?

THE COURT: That --

MR. KATZBERG: May I say this?

MR. RYAN: May I be heard in behalf of my client?

I made the objection.

THE COURT: Of course.

MR. RYAN: According to the information given to us in the 3500 material, he's going to

testify that Barrie told him certain things to get him into the club. Okay.

Barry is not a co-conspirator according to the Government. So it doesn't come in under the co-conspiratory exception.

THE COURT: YEs.

MR. RYAN: Secondly, of course my client isn't present. Therefore it is hearsay. None of the defendants are present.

Thirdly, Mr. Barrie under very specific questioning could not recall any such conversation with this witness and for all of those reasons, I think it should be kept out.

MR. KATZBERG: Met me say this, your Honor.

THE COURT: Go ahead.

MR. KATZBERG: This witness will testify that Mr. Barrie said that he was asked to speak to him by --

THE COURT: What?

MR. KATZBERG: This witness will testify that Mr. Barrie told him that he was asked to speak to him about the club by Mr. Powell.

MR. PATTISON: Mr. Barrie said --

MR. RYAN: Mr. Barry says that.

MR. KATZBERG: Yes.

MR. PATTISON: No. Barrie said that Powell asked him to talk to certain officers and he said that and he said that in Court here.

I think just to make the record complete, it -- I think it is proper evidence.

THE COURT: It is what?

MR. PATTISON: Proper evidence, relevant, probative evidence.

MR. RYAN: My client has nothing to do with this conversation.

Even the witness Barrie says that he doesn't recall the conversation with this witness.

Mr. Barrie is not a co-conspiratory in this case.

THE COURT: No furtherance of the conspiracy.

I think I will sustain this objection. Yes, I think so.

MR. KATZBERG: Thank you, your Honor.

(The following occurred in open Court.)

MR. RYAN: I object then, your Honor, to any conversation.

THE COURT: Yes. I sustain the objection.

BY MR. KATZBERG:

Q Now, there did come a time after this conversation with Mr. Barrie, in January of 1968, when you received a $1,700 salary increase, sir?

A That's correct.

Q I want to show you, Mr. Melsha, what has already been marked into evidence as Government Exhibit 36 and could you look on Government Exhibit 36 and tell us whether or not you can see indicated on there any salary increases that you received on 1/8/68, sir?

A There are two of them.

fols.

(Continued on next page.)

DIRECT EXAMINATION

BY MR. KATZBERG:(Cont'd.)

Q And what are they, sir?

A I'm sorry. One is a carry down. There is the one for 1,700. There is the Januray 8th date, carried down.

Q Right, sir. $1,700.

A Seventeen hundred, right. July.

Q And is that a merit increase, sir, do you know?

A No, it was not.

Q What was the purpose of that increase, sir?

A In order to enable me to make political contributions.

Q Now, after you received that 1,700 increase, in January of 1968, did you thereafter begin making political contributions, sir?

A That's correct.

Q And in what form were these payments, sir?

A At that time they were cash payments.

Q And to whom did you make those cash payments, sir?

A They went to a Betty Jaeger.

Q Who was Mrs. Jaeger?

A She was Mr. Powell's secretary.

Q Now, for approximately how long a period of time did you pay cash to Mrs. Jaeger, sir?

A I would judge, better part of a year.

Q Now, how much money would you give Mrs. Jaeger per month?

A Fifty dollars a pay, a hundred a month, excluding the two months a year where you had three pays.

Q So, it's a hundred a month, sir?

A A hundred a month.

Q Now, did there come a time when you no longer made these payments in cash?

A That's correct.

Q And approximatley when was that, sir, do you recall?

A That's difficult. I would judge it to be --

Q Well, --

A About a year later.

Q Let me show you -- let me first have marked as the Government's next exhibit for identification a batch of checks, sir.

THE CLERK: Document marked for identification as Government's Exhibit 170.

(So marked)

MR. KATZBERG: And three checks as 170-A, 170-B and 170-C.

THE CLERK: Yes.

Q While these three checks are being marked, Mr. Melsha, take a look at Exhibit 170. Does that refresh your recollection as to the date you began -- I'm sorry -- as to the date you stopped making these payments to Mrs. Jaeger in cash?

A Are these in chronological order?

Q I believe so, sir. Check to make sure.

A Yes. The top check is August 14th of '70.

Q And these -- does that refresh your recollection approximately when you stopped paying cash?

A Yes. This would have to be the first check I drew, if I have them all here and I guess I do.

Q So you paid cash from 1968 through July of '70, approximately?

A Right. About a year thereafter, right, roughly.

Q The top check is made payable to Betty Jaeger as is the second check, is that correct?

A Yes.

Q Two checks in August for $50 each, is that correct, sir?

A Right.

Q Now, thereafter, the checks are made to specific payees, is that correct, sir?

A That's correct.

Q How would you know to whom to draw those checks that followed the Betty Jaeger checks?

A We were told who to make them payable to.

Q Who would give you that information, sir?

A Well, there was a succession there. At first we were advised by Mr. Barrie. Later on by an Arthur Chadwick.

Q Now, is it safe to say, sir, is it fair to say that each and everyone of those checks in that exhibit, Exhibit 170, was drawn by you pursuant to the contributions club?

A Correct.

Q And that the checks that follow, the two Betty Jaeger checks were drawn by you as per either Mr. Barrie or Mr. Chadwick's instructions, sir?

A That's correct.

MR. KATZBERG: Mr. Clerk, may I have the other three checks, please, that were marked separately? Thank you, sir.

THE CLERK: 170-A, B and C.

(So marked for identification)

xx

BY MR. KATZBERG:

Q Mr. Melsha, I show you 170-A, which is a check dated 3/8/73, to Suffolk County Republican Club, 170-B, which is a check dated 3/6/74, to the Suffolk County Republican Committee and 12/18/73, the same payee, the Suffolk County Republican Committee, Exhibit 170-C. Were those three checks likewise drawn by you as per Mr. Chadwick's instructions?

A That's correct.

MR. KATZBERG: At this time, your Honor, the Government would offer into evidence Exhibit 170, 170-A through 170-C.

THE COURT: Any objection? No objection. All right. Mark it.

MR. NAFTALIS: Can we see them, please? Which exhibit is that?

MR. KATZBERG: 170.

BY MR. KATZBERG:

Q Now, Mr. Melsha, -- I need the checks.

Excuse me, your Honor, I'll have to wait.

THE CLERK: Government's Exhibits 170, 170-A, 170-B, 1700C marked in evidence.

(So marked)

MR. KATZBERG: I ask that check dated 3/6/74

and a check dated 2/27/74 be marked separately as D and E, please.

A ....Well, for a while I happened to be housed in the same building that he was and those checks I would either give to him personally or if he weren't there, I would seal them and leave them on his desk. When I was in another building, separate from him, I would send it via what we called interoffice mail. It would be sealed and addressed to him personally.

Q Did you mark it in any other way?

A Confidential.

Q Now, I want you to look through the checks contained in Exhibit 170, Mr. Melsha and is it fair to say that most of these checks are drawn payable to Republicans or Republican organizations?

A Yes, I would say so.

Q Are you a Democrat or Republican or neither?

A I'm a Democrat.

Q Now, I just want to show you Exhibits 170-D and 170-E, which were likewise taken from that batch of checks drawn payable to the BEame Birthday Committee. Were those checks also drawn by you as per Mr. Chadwick's instructions, sir?

A That's correct.

MR. KATZBERG: Thank you, sir.

May they be so marked in evidence, your Honor?

THE COURT: They may be.

THE CLERK: Government's Exhibits 170-E and D previously marked for identification, marked in evidence.

(So marked)

fls.

(Continued on next page)

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BY MR. KATZBERG: (continuing)

Q Mr. Melsha, did anyone ever tell you that you were a member of the Long Island Public Affairs Club?

A No, sir.

Q Did anyone ever tell you that the money you were transmitting to Mrs. Jaeger was going to the Long Island Public Affiars Club?

A Nobody told me.

Q Will you look at that check and tell us what that endorsement reads?

A "For deposit LIPA Club, Betty Jaeger, Assistant Treasurer."

Q Is there a check in that batch of checks drawn payable to Mr. Shea; is that correct?

A That is right, one check.

Q Did you ever ask Mr. Chadwick why you were drawing a check to Mr. Shea?

A No, I didn't.

Q Now, Mr. Melsha, I want to direct your attention to approximately January of the year 1970:

Did there come a time, sir, in approximately January of 1970, when you wrote a letter, a letter youdidn't sign with your name, to the Regional Director of the National Banks, sir?

A It was addressed to the Chief National Bank Examiner, I believe.

MR. KATZBERG: I ask that a two page letter, handwritten letter, to which an envelope is attached, be marked as the next Government Exhibit for identification.

THE CLERK: Two page letter marked Government's Exhibit 171 for identification.

(So marked.)

(The document was then handed to defense counsel.)

BY MR. KATZBERG:

Q Mr. Melsha, I want to show you what has just been marked as Government's Exhibit 171 for identification.

I want you to look at it, sir, and tell us whether or not you recognize what that is.

A Yes, this is the letter I wrote.

Q And is the letter signed, sir?

A "A friend."

MR. KATZBERG: At this time, your Honor, the Government would move into evidence Exhibit 171 for identification.

MR. COHN: May we have a side bar?

THE COURT: Yes.

(The following occurred at side bar without the

A 1425

hearing of the jury.)

THE COURT: How is it signed?

MR. KATZBERG: "A friend."

MR. COHN: Your Honor, I object to the introduction of this letter.

THE COURT: What?

MR. COHN: I object to the introduction of this letter. I don't believe it has any relevancy whatsoever.

THE COURT: Well, let us leave the jury go.

(The Court then spoke to the jury as follows.)

The jury will take a luncheon recess.

(The following was said to the defense counsel without the hearing of the jury.)

THE COURT: Ishould take this in open Court.

(The Court then continued to address the jury.)

THE COURT: Take your luncheon recess and come back about 2:00 o'clock.

(At 12:50 p.m. the jury left the courtroom.)

'The following occurred before the bar of the Court.)

MR. COHN: Your Honor, I respectfully object to the introduction of this document in evidence. I feel it has no appropriate value in this case whatsoever. Nothing in that letter is binding upon any of the

A 1426 these defendants.

Your Honor, this witness had identified himself as the author of this anonymous letter, but whatever his own personal grievances and complaints were with respect to what he believed was going on in the bank is not for the jury. The jury here is to determine whether or not the defendants committed any illegal acts, and that based upon the testimony of the witnesses and their evaluation of the acts, and not upon this witness' own characterization of what he thinks and as to whether these acts are legal or illegal under the circumstances.

THE COURT: This is not the witness who wrote that, is he, his testimony is --

MR. COHN: Yes, he is the one who wrote the letter.

THE COURT: He did?

He wrote it?

MR. COHN: He wrote the letter.

Your Honor, let him testify as to what he observed at the bank, but as to his letter and as to what he believes somebody else did, what his observations were, I don't think they are proper.

THE COURT: How are you going to get that letter in?

MR. PATTISON: Your Honor, what occurred here is this

this, and all of which we will offer in evidence --

THE COURT: Whom did he send the letter to?

MR. PATTISON: This letter, the bank examiner --

THE COURT: Yes.

MR. PATTISON: And this in fact was gotten by them and given to Mr. Langdon, who will be the next witness. The man who read this letter, Mr. Langdon, then went back to the bank with it and had a meeting with Messrs. Clifford, Powell and Dowd, at which time he showed them this letter --

MR. KATZBERG: A copy of it, for the record.

MR. PATTISON: And they were interviewed by him, and they said words in effect that nothing in here is true, we are not giving raises for political contributions.

This is as to state of mind, your Honor, and certainly it is not being offered for the truth of what it says but rather for the effect which this had, which this had ultimately upon Mr. Powell, Mr. Clifford and Dowd.

THE COURT: Why can't he just tell us what he wrote?

MR. PATTISON: Well, your Honor, this letter --

THE COURT: He may identify the letter, offer it for identification.

Does he recall what is in the letter?

A 1428

MR. KATZBERG: This letter, it is necessary, your Honor, to be put into evidence to show that Mr. Langdon received this letter. He can identify this letter as the original letter.

THE COURT: At this point it is merely being used --

MR. PATTISON: Can it be offered for identification or subject to connection?

THE COURT: At this point it is being used merely to bolstering testimony.

Now if Mr. Langdon wants to say that he received that letter, he may do so, but we will cross that bridge at that time.

MR. PATTISON: He will so testify.

THE COURT: But not now.

MR. KATZBERG: Thepoint is that Mr. Langdon confronted the three defendants with the statements in that letter.

THE COURT: I understand that, but the letter at this time is prematurely being offered into evidence, the most at this point that he can say is, Yes, I wrote this letter, Mr. Langdon can say he received it and as a result I conducted an investigation.

You are prematurely offering it into evidence.

MR. PATTISON: May we offer it subject to

connection, we will not read it.

THE COURT: You can't read it in front of the jury.

MR. KATZBERG: We will offer it subject to connection and if it is not connected by Mr. Langdon, if he can't identify that --

THE COURT: What is that going to show?

MR. KATZBERG: This is going to show, your Honor, well, Mr. Langdon will testify that he showed a copy of that letter to these defendants --

THE COURT: Not this letter?

MR. KATZBERG: Yes, this letter.

MR. PATTISON: This letter, your Honor.

THE COURT: Why can't he merely identify it now?

MR. RYAN: That is all that he can do.

MR. KATZBERG: Your Honor, in order for the jury to understand what the allegations are in the letter and that's what Mr. Langdon confronted --

THE COURT: That may not be supportive of the truth or falsity of it.

MR. KATZBERG: We would have no objection to an instruction to the jury that it has probative value to show what Langdon confronted them with.

THE COURT: It is limited in its probative value.

MR. KATZBERG: It has substantial probative value, your Honor, it shows the accusations that Langdon confronted these defendants with.

MR. NAFTALIS: Well, Langdon can tell us --

MR. KATZBERG: Mr. Naftalis, can I finish?

MR. NAFTALIS: Langdon can tell us what happened.

MR. KATZBERG: Mr. Naftalis, can I finish, please?

MR. PATTISON: This is the author of the letter.

THE COURT: What I should tell the jury is that it is offered subject to connection.

MR. KATZBERG: You may tell the jury that this is not being offered to prove the truth of the allegations, that it is merely being offered to show that the allegations were made and that they, the defendants, were confronted with them.

THE COURT: I won't do that.

MR. PATTISON: Not at this point.

THE COURT: That would be erroneous on my part.

MR. PATTISON: Mr. Langdon, after he is a witness, would be the proper person, we will now offer it just subject to Mr. Langdon's evidence, we will not read it.

THE COURT: You can mark it subject, but you are not to tell the jury about it, not even advise them it

A 1431

is in evidence.

It is subject to connection and if --

MR. RYAN: I think your Honor should read the letter to find out what our real objection is.

THE COURT: I know what the real objection is.

MR. RYAN: Your Honor, this witness used terms like kickbacks and --

MR. COHN: There are many more things in this letter than which are involved in this trial. It is a highly prejudicial exhibit to be shown to the jury at any time and we would object to this letter going in at any time for reasons of prejudice because it does refer to matters and alleged wrongful acts which are not involved in this crime or this indictment.

THE COURT: It may very well be that it will be offered for identification and then be redacted and then received into evidence to show that a letter was received as a result of which certain things happened. Whether it all can be shown to the jury is another thing.

MR. KATZBERG: May I give the exhibit, give it to your Clerk so you may look at it?

THE COURT: Okay, okay.

We will recess now.

MR. KATZBERG: Thank you, your Honor.

(At 12:55 p.m. a recess was taken until 2:00 o'clock.)

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Gr/nc

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AFTERNOON SESSION

(The following occurred in the absence of the jury.

THE COURT: Will you have the jury instructions this afternoon, the charge, the defendants? Will you have your requests to charge by this afternoon?

MR. BANNIGAN: Mine are being typed. They are quite extensive.

NAFTALIS: I'll have some today.

MR. KATZBERG: The Government's are being typed this afternoon as well, your Honor.

MR. RYAN: My difficulty is showing some to counsel and we have to have some discussion and coordination on them.

MR. COHN: I wanted to say that I think at least between Mr. Ryan and myself we have requests for charges on similar points and I think we will be better off if we coordinate so we don't present two separate requests for the same item.

THE COURT: I don't know.

MR. COHN: We'll have them for your Honor this afternoon. We're talking about on the same points.

THE COURT: I understand.

MR. COHN: Maybe we will submit one rather than two, your Honor.

THE COURT: It's all right, with me. But we'll check it out, in any event.

All right. All right. Seat the jury.

(Jury present.)

H A R R Y M E L S H A , having been previously duly sworn by the Clerk of the Court, resumed the stand and testified further as follows:

DIRECT EXAMINATION

BY MR. KATZBERG: (Cont.)

THE COURT: All right. We are ready to proceed.

Q Mr. Melsha, before the luncheon recess you identified that letter as the letter that you sent the bankers; is that correct, sir?

A That's right.

Q All right.

Around January of 1971; is that correct, sir?

A That is right.

Q Now, Mr. Melsha, did there come a time before you wrote this letter when you learned that postage stamps were being utilized to make contributions by the bank?

A That's correct.

MR. NAFTALIS: Objection, your Honor, to what he learned. He can ask if he had a conversation.

THE COURT: All right. He's answered. Go ahead.

Q How did you find that out, sir?

A It was mentioned to me by Mr. Barrie.

MR. NAFTALIS: Objection.

Move to strike based on your Honor's ruling at the side bar.

THE COURT: Yes. That's hearsay.

Q Do you know an individual by the name of John Hynes?

A Yes, sir.

Q And did John Hynes work at the bank?

A Yes, he did.

Q Did you ever see Mr. Hynes doing anything with regard to postage stamps?

A No, I did not.

MR. RYAN: Your Honor, --

Q Now, could you tell the ladies and gentlemen of the jury the circumstances which led you to write that letter, sir?

MR. RYAN: Your Honor, before the witness answers the question I must object to that.

THE COURT: Yes. Sustained. That is sustained.

BY MR. KATZBERG:

Q Mr. Melsha, from the time that you wrote that letter, the exhibit you've identified, 171, were you ever contacted by anyone at the Security National Bank with any -- anyone at the bank about that letter?

A No, I was not.

Q Did you ever speak to anybody at the bank about that letter?

A No, I did not.

MR. KATZBERG: Nothing further, at this time, your Honor.

THE COURT: Any questions?

MR. RYAN: May I proceed?

THE COURT: Yes.

CROSS-EXAMINATION

BY MR. RYAN:

Q Mr. Melsha, would you look at the envelope attached to the exhibit before you and tell us the date stamped on the envelope.

I think it's on the back of the envelope.

A January 18, 1971.

Q Okay.

Do you recall whether or not you got a raise that year, effective January '71?

A I do not recall.

Q Let me show you your visit card. That's Exhibit 36.

A Yes.

Q And you will see on your card that you were earning $26,000 in January 1970; is that correct?

A That is correct.

Q And, of course, it's the practice of the bank that at the end of the year your performance is reviewed and evaluated; correct?

A That is what I assume, yes.

Q And you are either given an increase or not given an increase for the beginning of the next following year; is that right?

A That's correct.

Q For the year 1970, you earned $26,000; is that correct?

A That is right.

Q Did you get a raise for the year 1971?

A According to this, no.

MR. RYAN: No further questions.

THE COURT: Anyone else?

MR. RYAN: Excuse me. One further question. I'm sorry.

BY MR. RYAN:

Q But for the year 1972, did you get a raise?

A Yes. Small one.

Q $800?

A Right. Correct.

Q But that had nothing to do with your writing the letter?

A I have no idea whatsoever.

Q You were not happy about the fact that you were passed over for a raise, I assume, in January '71?

A That's a tough question to answer.

Q You don't have to answer it.

A I thought I was treated well by the bank. Let me put it that way.

MR. RYAN: Thank you.

No further questions.

CROSS-EXAMINATION

BY MR. COHN:

Q When Mr. Ryan talked to you about the raise for 1971, he was talking about action by the Board of

Directors in January of 1971; isn't that correct?

A I assume so.

Q By the way, you had -- ever tell anybody in the bank that you wanted your contributions to be limited only to Democrats?

A I was never asked. I never had the opportunity to tell anyone.

Q Did you ever tell anybody?

A No.

MR. KATZBERG: Objection. Asked and answered.

MR. COHN: No further questions.

THE COURT: Any questions?

MR. NAFTALIS: One second, if your Honor please.

CROSS-EXAMINATION

BY MR. NAFTALIS:

MR. NAFTALIS: May we have this marked as the next defendant's exhibit, please.

THE CLERK: Document marked for identification as Defendant's Exhibit JJ.

(So marked.)

MR. NAFTALIS: Thank you.

A 1439

Q Good afternoon, Mr. Melsha.

A How are you, sir?

Q I'm Gary Naftalis. I represent Mr. Clifford.

A Glad to know you.

Q Mr. Melsha, let me show you first what has been marked as Government's Exhibit 36 in evidence.

I think you've looked at this previously.

A Yes.

Q This is a card which reflects during a certain -- beginning with 1955, your salaries and increases over the course of years?

A True.

Q It goes up through 1972, is the last entry on that card; is that correct?

A That's correct.

Q And after 1972, -- withdrawn.

After -- that record doesn't reflect anything that occurred in 1974; is that correct?

A That's correct.

Q And there did come a time in 1974 when you got subsequent raises; is that correct?

A That is true.

Q Let me show you an additional record that comes from the personnel file of yourself at the bank, which

has been marked as Exhibit JJ for identification and ask you if the entries on there accurately reflect the subsequent raises that you have received at the Security National Bank during the year 1974?

A Yes. This is correct.

Q And is that accurate up to date, throughout your employment at the Security National Bank?

A Yes. Yes, it is.

MR. NAFTALIS: Thank you, sir.

We would offer JJ in evidence.

MR. KATZBERG: No objection.

MR. NAFTALIS: Anybody else want to see it?

THE CLERK: Defendant's Exhibit JJ previously marked for identification, now marked in evidence.

(so marked.)

BY MR. NAFTALIS:

Q MR. Melsha, let me see. You don't mind if I look on over your shoulder?

A Of course not.

Q Defendant's Exhibit JJ as you've indicated indicates your subsequent raises, after 1972 or '73; is that correct?

A Correct.

Q And it indicates that in January 1974 you

received a raise of $1,200.

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A Correct.

Q And then it indicates in May of 1974 you received an additional raise of $1,050?

A That's correct.

Q And that brought you up to a salary of $29,050; is that correct?

A Right.

Q I take it it's fair to say that you had no discussions relating to the subject of political contributions with Mr. Clifford, did you?

A Never.

Q Never discussed it with him?

A Never.

MR. NAFTALIS: Thank you very much, sir.

MR. BANNIGAN: No questions.

THE COURT: All right. You may step down. Thank you.

(Witness excused.)

THE WITNESS: Thank you.

MR. PATTISON: Your Honor, we may have just one or two.

THE COURT: Just a moment. He has a question.

REDIRECT EXAMINATION

xxx

BY MR. PATTISON:

Q Isn't it a fact, sir, that in 19 --

MR. COHN: I object to the form of the question, your Honor. It's leading.

THE COURT: Just rephrase it.

MR. PATTISON: Okay.

Q Did you get a raise in 1966, sir?

A Yes, I did.

Q What amount?

A Well, I had one increase here of about $500 and we have another one of 750. Be 1250, total, I guess.

Q Did you get a raise in 1967?

A Yes, I did.

Q What amount, sir?

A 4,000.

Q Did you get a raise in 1968?

A Yes, I did.

Q What amount, sir?

A Two amounts: One for 3,000 and one for 17.

Q 1700?

A Right.

Q Aside from that you got another merit raise; is that right?

A That is right.

Q During that year?

A That is right.

Q And 1969, did you get a raise then, sir?

A Yes, I did.

Q In what amount?

A 2500.

Q And in 19 --in the next year, '70, did you get a raise?

A Yes, 3,000.

Q Thereafter, sir, for the next five years, what is the total raises that you got?

A $3,050.

Q That's over five years?

A That's correct.

MR.PATTISON: Thank you. I don't have any other questions.

THE WITNESS: That's not over five years, please. That's over three years.

BY MR.PATTISON:

Q Up to 19 --

A From '71 to '74 is three years.

MR. NAFTALIS: Thank you.

MR. PATTISON: Thank you.

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THE COURT: All right. Step down.

Next witness.

THE WITNESS: Am I excused now?

MR. PATTISON: Yes.

THE COURT: Yes.

THE WITNESS: All right.

(Witness excused.)

MR. KATZBERG: Your Honor, the government calls Edwin Langdon.

THE CLERK: Raise your right hand, please.

(continued next page.)

MR. NAFTALIS: Mr. Clifford calls Stephen Corriss as his first witness.

S T E P H E N D. C O R R I S S , called as a witness, being first duly sworn by the Clerk of the Court, testified as follows:

DIRECT EXAMINATION

BY MR. NAFTALIS:

A 1445

Q Good morning, Mr. Corriss.

A Good morning.

Q Will you tell -- first, try to answer all my questions and keep your voice up as loudly as you can so all the ladies and gentlemen of the jury including the people who are sitting in the very back row can hear you.

What do you do for a living, sir?

A I am a commercial banker.

Q Where do you work?

A At the present time, out of Miami Beach.

Q What bank do you work at?

A Barnett Bank of Miami Beach.

Q What is your title?

A Executive vice president.

Q How long, sir, haveyou been in the banking business?

A Since March 11th of 1941.

Q With what banks have youbeen employed?

A My first employment was the Corn Exchange Bank. It was acquired by the Chemical Bank on October 14th of 1946 -- is that right?

No. 1954, I beg your pardon.

I was with Chemical Bank until May of 1969 when I resigned and I went to a bank known as Western Pennsylvania National Bank in Pittsburgh as senior vice president and senior loan officer. I left there after about 15 months because of a disagreement with policies between myself and the chairman. And I joined the Security National Bank in 1970. August 1st of 1970.

When Chemical Bank acquired Security National Bank on January 19th, a year ago, I was back with Chemical. I am retired from Chemical as of August 1st.

Q Thank you.

You indicated prior to coming to the Security, you worked for Western National Bank?

A Western Pennsylvania National Bank.

Q What was your position there?

A I was chief loan officer and senior vice president.

Q I think you indicated you left because you had disagreements with the way the bank was being run?

A That's correct.

Q What was your salary at that time?

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A $45,000.

Q When you joined Security National -- when did you join Security?

A In August of 1970.

Q What was your title at Security?

A Senior vice president.

Q What was your particular area of expertise at Security?

A Commercial lending.

Q Is that the area you have worked in in the years at Security?

A Yes.

Q Now, during the course of time at Security National Bank, did you become familiar with when salaries for officers were reviewed? That is, what time of the year?

A Yes. I learned about that a little bit after being in the bank that they were reviewed once a year, on or around December. The end of December.

(continued on next page)

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Q Now, I want to direct your attention to December of 1970 or January of 1971, and I want to ask you if at that time you had a conversation relating to your salary review or your salary with Mr. Patrick Clifford.

A That's correct.

Q And where was that conversation held, sir?

A In the Huntington office in Mr. Clifford's office.

Q Was anyone else present there besides you and Pat Clifford?

A Yes. Mr. William Lowe and Mr. Douglas Wulffleff.

Q Did you proceed to have a conversation with Mr. Clifford at that time?

A Yes, Mr. Clifford and I conversed.

Q And, to the best of your recollection, what did Mr. Clifford say to you and what did you say to Pat Clifford?

A Well, I was at my desk and I received a phone call that the chairman wanted to see me. I went upstairs. Mr. Clifford was standing on the side. I went over. He told me I had been doing a good job, congratulated me, and told me that the board had approved a raise for me. He mentioned the amount. And we chatted briefly.

To the best of my knowledge, the conversation was not overheard by the others in the room at that time.

Q And after you had this conversation where he told you the board was happy with you and you got a raise and you had some chitchat, later on while you were in his office did you have some additional conversation?

A Yes.

Q What did MR. Clifford say to you during that conversation and what did you say to Pat Clifford?

A Well, Mr. Clifford spoke to the three of us. He sat at his desk and invited us to be seated. The general conversation -- a few minutes of chitchat -- and at that time Mr. Clifford asked if we were contributing or involved in making contributions in a program which the bark had in making payments for dinners, magazines, political contributions. I don't know -- I believe the other two gentlemen shook their heads and said negatively that I had not been involved. And I told him that.

Q And then what else was said after that?

A Mr. Clifford stated that the bank, as we knew -- certainly, I had seen this in many years of banking -- the bank frequently was approached by various people in or running for public office, various of the committees, and obviously the bank could not make political contributions. He told me that. He told us that the senior officers of the bank were, in lieu

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of the bank making it, making political contributions in furtherance of the bank's business, he asked our -- would we consider participating.

Q And did he indicate to you whether or not --

MR. KATZBERG: Objection. Leading.

Does he recall what was said.

Q Do you recall anything else that was said?

THE COURT: All right, go ahead.

Q Do you recall anything else that was said?

A Well, he made it plain -- I believe he mentioned it two or three times, that it was strictly voluntary. That if we felt that our financial affairs were such, or in the future should become such that we couldn't contribute or would prefer not to, there would be no recriminations. And it was left to us to make the decision.

Q And what did you say to Pat Clifford?

A I asked if it had been checked, if it was legal. And his answer was, yes, that it had been cleared with counsel. And before I left the office -- I'd say two seconds later, I said that I would be pleased under those terms to be called upon to carry my share.

Q Was your decision to participate voluntary?

A Pardon?

Q Was your decision to participate in making

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political contributions voluntary?

A Definitely.

Q Was your making of political contributions in any way, shape or form tied in with any raise that you received?

A Not to my knowledge.

Q Was that discussed with you in any way, shape or form by Patrick Clifford?

A Not by him or anyone else.

Q Now, I take it -- now, you indicated that -- withdrawn.

Now, a -- I want to direct your attention to a period -- withdrawn.

You knew -- who was the law firm for the bank?

A The general counsel was Shea, Gould, Climenko and Kramer.

Q Do you recall the names of the lawyers from the Shea Gould firm who worked principally in bank matters?

A Well, it was subsequent to that time that I became more fully acquainted with the large number of attorneys in the firm.

Q Who were the two principal attorneys other than Mr. Shea who worked on bank matters?

A Well, there was Mr. Shea. There was Ingram,

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Mr. DeGenaro, Bill -- I'm getting a little -- Bill Hagan. Bill Hagan. Bob Clayson, who was not a -- I would say principal, but was heavily involved in real estate. Judge McDonald. These are the names that I became acquainted with from the firm.

Q Now, I want to direct your attention to the year 1971. Were you ever present at any meeting at which any partner of the Shea Gould firm was present in which there was a discussion about the legality of the political contributions program?

A There was a time -- I cannot say it was a meeting.

Q Give us your best recollection.

A I have a recollection of sitting at a table. I couldn't tell you whether it was a dinner or whether it was a lunch. But I do recall that there was a -- let's say a luncheon or dinner that I was present at with a number of others in which in the course of conversation the nature of the political contributions did arise.

MR. KATZBERG: Will you find out who was present, please, Mr. Naftalis?

Q Who was present from the Shea firm?

MR. PATTISON: The entire table.

MR. NAFTALIS: Let me ask the questions,

Mr. Pattison. Really, you have your cross-examination.

THE COURT: All right, go ahead.

Q Who was present from the Shea Gould firm?

A I'm not sure whether it was Mr. Hagan or Mr. DeGenaro. But it is my recollection that it was one of those two.

Q What did Mr. Hagan and Mr. DeGenaro say in response to the remarks of the political contributions program?

A There was a brief discussion concerning the manner in which the various individuals were making contributions. And the answer came back that it seemed legal. It was legal. His opinion was that it was legal.

Q The answer came back -- who did that answer come from?

A From the attorney. But, again, I'm sorry. I cannot identify. It was one of the two, to the best of my knowledge.

Q Either Mr. Hagan or Mr. DeGenaro?

A That is correct.

Q Now, there came a time, did there not, when you began making contributions persuant to the program that was in effect?

A Yes.

Q Did you consider this a confidential matter?

A Oh, no.

Q Did you tell your secretary about it?

A Of course.

Q Who typed out your checks?

A Most of them were typed by my secretary.

Q Whose money did you use to make the contribution?

A My wife and mine.

Q Now, there came a time -- withdrawn.

During the course of the years -- I think your area was lending, you have indicated?

A That's correct.

Q And you were a senior vice president, which is a high position in the bank?

A Correct.

Q And during the course of the years that you were at the bank from 1970 through the end of 1974, beginning of 1975, before Chemical got involved in the action, did you have an opportunity to work with Pat Clifford on various lending matters?

A Very frequently.

Q And during the course of your working with Pat Clifford, did you have an opportunity to become

familiar with his practices -- withdrawn.

Is the lending area an area in which there is a lot of laws and regulations governing what is proper and what is improper?

A I would say there is a very sizable number of rules and regulations governing the extension of credit. Yes.

Q Did you during the course of the time you worked with Pat Clifford over these approximately four or five years together in the lending area, did you have an opportunity to become familiar with his practices regarding the need for the bank to obey the requirements of the law?

A Oh, yes. Definitely.

Q What were his practices, to the best of your recollection?

A Well, there were so many rules and regulations governing the type of -- the nature of the loan, so many regulations, that wherever there was any question or something of an intricate nature, Mr. Clifford would always urge the lending officers, those that I was aware of, where I was present when it happened or myself, to check it and clear it with counsel.

MR. NAFTALIS: I have nothing else, your Honor.

Just one second. May I just have one moment?

THE COURT: All right.

MR. COHN: Wait a minute.

THE COURT: Do you have any questions?

MR. COHN: Yes. May I, please?

THE COURT: Yes. You're next.

MR. KATZBERG: I am sorry, your Honor.

CROSS-EXAMINATION

BY MR. COHN:

Q Mr. Corriss, my name is Irving Cohn. I am Dave Dowd's lawyer.

A Yes.

Q Let me take you back to the time when your secretary wrote these checks. How did you come to know when to make a check and who to make a check out to?

A Most -- I'm not sure of this, sir. I believe the initial call was made by Mr. Chadwick. I am not positive of that. But most, if not all were made by Mr. Chadwick.

Q Did you always get the call from Mr. Chadwick or were there occasions when your secretary got the call?

A Well, we were fairly busy, sir, and my secretary used to screen a number of my calls. Sometimes she was out and I would pick up the phone rather than have it ring. But about half the time or more than that, my secretary did.

Q Mr. Chadwick testified in this trial that

when he called the officer and the officer was out he spoke to his secretary and made the request of the secretary. Did you ever chastise Mr. Chadwick for doing that?

A No, sir.

Q Did you think it was improper that he was disclosing bank secrets to your secretary?

A No. I didn't think that they were bank matters.

Q And these checks that you made, were they -- you said they were your money and your wife's money?

A They came out of the joint account which was our funds.

Q Was this a checking account?

A Yes.

Q Where did you maintain the checking account?

A The bank had an accoun for its officers. We were free to maintain it either place. But we maintained it in the bank.

Q That was the Security National Bank?

A Yes, sir.

Q Is that right?

A Yes. That's correct.

Q Were you treated differently than any other customer or were your checks microfilmed the same as everybody else's, as far as you know?

A I can't answer that. I would imagine they were treated the same as anyone else's.

Q So that if anybody wanted to examine your checks, all they had to do is pull the microfilm records on your account and they would have all of the checks laid out.

A That's precisely -- that's precisely right.

MR. COHN: I have no other questions.

MR. BANNIGAN: No questions.

THE COURT: All right, Mr. Katzberg.

MR. KATZBERG: Thank you, your Honor.

(continued next page)